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NOTICE TO READERS: Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication will be changed. All new indicators will begin with "FBIS" to make the material more easily identifiable. Some will also indicate whether the item has been translated from the vernacular or transcribed from English.

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Japan

Tokyo Said Ready To Help DPRK Build Reactors

OW1910122294 Tokyo KYODO in English 1204 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—Finance Minister Masayoshi Takemura said Wednesday Japan will take part in a multinational scheme to help North Korea build modern nuclear power reactors in the wake of an accord between Pyongyang and Washington.

The Japanese Government "would like to join a supporting framework together with concerned nations such as the United States and South Korea," Takemura told a news conference. "We are prepared to share (the proposed international) cooperation," he said.

The bilateral deal calls for North Korea to dismantle two reactors under construction and close down an experimental reactor pending replacement of its graphite-moderated reactor system with light-water reactors.

In return, the U.S. is to organize a consortium of nations including South Korea and Japan to help the north obtain light-water reactors that produce far less plutonium, essential for making nuclear weapons. The replacement is estimated to cost about 4 billion dollars.

Earlier in the day, Chief Cabinet Secretary Kozo Igarashi said Japan will keep a close watch on North Korea's moves in relation to the resumption of Tokyo-Pyongyang normalization talks following the nuclear agreement.

Igarashi said the resolution of the nuclear row has not been a prerequisite for the reopening of negotiations on normalization of relations between Japan and North Korea. But he acknowledged the nuclear accord should remove a major stumbling block to normalizing bilateral ties.

Japan-North Korea normalization talks have been suspended since November 1992.

Igarashi on Keeping 'Close Watch' on DPRK

OW1910041394 Tokyo KYODO in English 0344 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—Japan will keep a close watch on North Korea's moves in relation to the resumption of Tokyo-Pyongyang normalization talks following Pyongyang's nuclear agreement with the United States, the top government spokesman said Wednesday [19 October].

"At this stage, we want to closely monitor the state of affairs Friday, or should I say we want to watch North Korea's moves with much interest," Chief Cabinet Secretary Kozo Igarashi told a news conference. The remark refers to the scheduled signing in Geneva on Friday of the U.S.-North Korean pact concluded Tuesday on Pyongyang's nuclear program.

Igarashi said the resolution of the nuclear row has not been a prerequisite for the reopening of negotiations on normalization of relations between Japan and North Korea. But he acknowledged the nuclear accord should remove a major stumbling block to normalizing bilateral ties.

The deal calls on North Korea to freeze its current nuclear power plant construction program and close down its experimental reactor pending replacement of its graphite-moderated system with light-water reactors.

In return, the U.S. is to create a multinational consortium of nations including South Korea and Japan to help the North obtain modern light-water reactors.

Japan-North Korea normalization talks have been suspended since November 1992.

MOF Mission To Brief U.S. on Financial Talks

OW1910104494 Tokyo SANKEI SHIMBUN in Japanese 18 Oct 94 Morning Edition p 11

[FBIS Translated Text] Friction between Japan and the United States is intensifying over Japanese regulations controlling pension fund management. The topic is becoming the focal point of the financial services sector of the bilateral framework talks.

The United States is urging Japan to allow investment consulting firms to participate in pension fund operations; however, the Ministry of Finance [MOF] insists: "The government must not involve itself in any risky money operations, and, in this regard it cannot deal with investment consulting firms that are prohibited from making up for investment losses" (as noted by the MOF's Financial Bureau). To convey the MOF's position to its U.S. counterparts, the ministry plans to dispatch a mission led by Deputy Director Isao Kubota of the International Finance Bureau to Washington at the end of October.

The operation of Japanese national pension funds is considered a prospective field of the money market, as funds are rapidly growing to prepare for the aged society. The U.S. Government is urging Japan to open the sector to foreign firms by lifting a ban on the Pension Welfare Service Public Corporation's dealings with investment consultants on pension fund operations.

U.S. negotiators say dealing with investment consultants is a matter of course as they have various management know-how and their money operations are much more efficient than others. Yet, the MOF stresses: "We cannot put public money in risky operations run by investors." The financial services talks are supposed to be concluded before the end of this year, but the gap in the concept of public fund management between Japan and the United States is likely to make this very difficult.

U.S. Chamber of Commerce Seeks More Dialogue

OW1910082194 Tokyo KYODO in English 0350 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—The American Chamber of Commerce in Japan (ACCJ) called Wednesday [91 October] for strengthening dialogue with the Japanese Government, Foreign Ministry officials said.

ACCJ President Thomas Jordan and a group of ACCJ board members made the call in a 15-minute meeting with Foreign Minister Yohei Kono at the ministry, saying the group's dialogue with the government has been lacking up to now.

The ACCJ leaders told Kono they want to contribute to improving Japan-U.S. relations from the private-sector level, noting that the group's membership has increased to 800 companies from the 30 when it was founded 45 years ago.

Kono replied he thinks it is "valuable" to hold "frank" dialogues between the Japanese Government and the American chamber, the officials said.

Energy Report To Be Presented at APEC Talks

OW1910040394 Tokyo YOMIURI SHIMBUN in Japanese 18 Oct 94 Morning Edition p 7

[FBIS Translated Text] On 17 October, the contents of the Japanese Government's draft report on cooperation in the area of energy to be presented at the Asia-Pacific Economic Cooperation [APEC] ministerial talks and summit meetings were revealed. The APEC ministerial and summit meetings are due to be held in Jakarta in November.

The draft report proposes preparing an outlook on energy demand and supply in the APEC region, drafting APEC's basic energy policy, and having in-depth discussions on energy policy issues. A point to note is that the draft report supports neither the developing nations, which want to give priority to economic growth, nor the industrialized nations, which want to put priority on environmental protection, but suggests finding an agreement by giving consideration to both categories of countries.

The government draft report notes the need to reform the energy demand-supply structure and to save on energy resources to make both economic growth and environmental protection possible. The report also calls for an expanded supply of natural gas and solar energy, which are more environmentally friendly than coal and petroleum.

Tokyo To Buy Minimum Rice From U.S., Others

OW1810155994 Tokyo NIHON KEIZAI SHIMBUN in Japanese 18 Oct 94 Morning Edition p 5

[FBIS Translated Text] The Ministry of Agriculture, Forestry, and Fisheries [MAFF] has disclosed its plan to import rice from the United States, Australia and China from April 1995 to satisfy minimum import requirements. Imported rice will be sold both to individual consumers and food processing companies, but 100,000 tons a year of the imports are expected to be kept in reserve for a year until they are sold to food processors. Trading profits from the rice imports are estimated to total 300 billion yen over six years starting in 1995.

Following the partial liberalization of the rice market in late 1993, Japan is obliged to import 379,000 tons of (polished) rice, or 4 percent of its annual consumption, as minimum access in the year through March 1996. The minimum access quota will be expanded on a the step-by-step basis, and, in fiscal 2000 Japan will have to import 758,000 tons of rice, or 8 percent of its annual consumption.

Up until this summer, the government had bought 2.55 million tons of rice from the United States, Australia, China, and Thailand to make up for the shortage caused by the bad harvest last year. The long-grain Thai rice, however, has proved to be unpopular among consumers, and the MAFF plans to discontinue imports of the Thai rice except some for breweries in Okinawa. Allotments for the three remaining countries are not finalized yet, but the MAFF may give the biggest share to the United States in consideration for its demand for over 50 percent of the minimum access quota.

Except for 100,000 tons kept in government reserves, 80 percent of imported rice will be intended for individual consumption and 20 percent will be sold to food processing companies in accordance with the present procedures. The 100,000-ton reserve will be sold to food processors after a year.

The MAFF plans to provide a 1.5-million-ton rice reserve as a sum of imported and home-grown rice. After a year, the reserve will be sold as low-grade or processing rice, and some will be sent to aid- receiving countries. When dead stocks become too big, those will be sold to stock farmers as feed grain.

The MAFF estimates trading profits from the rice imports will reach 300 billion yen over six years starting in 1995. These profits will be saved in the food control budget to secure funds to procure rice reserves. The MAFF says it will need additional funds from tax revenues because rice reserve costs, foreign aid, and sale losses are likely to reach 1 trillion yen.

MAFF To Develop Low-Cost, High-Quality Rice

OW1910012794 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Oct 94 Morning Edition p 17

[FBIS Translated Text] Japan is committed to partially opening its rice market under an accord reached at the Uruguay Round. In a bid to deal with the partial opening of the Japanese rice market, the Ministry of Agriculture, Fisheries and Forestry [MAFF] will launch the "Miracle Japonica Plan" in 1995 to develop technology that can produce a low-cost, high-quality rice strain. The rice strain to be bred by the technology MAFF plans to develop over the next ten years is highly resistant to insects and can be sown directly in rice fields. MAFF also plans to develop technology over the next ten years that can make it possible to extract a large number of ova from superior beef cattle and to artificially inseminate them with the aim of technologically helping Japanese livestock products stay competitive internationally.

Participants in the "Miracle Japonica Plan" will include the Agriculture Research Center, the Agriculture Biology Resources Research Institute, local agricultural experiment stations, and other agriculture research institutes that are engaged in rice research.

To hold down the price of the domestically-grown rice to a level at which it can compete with foreign rice, it is necessary to reduce the labor required to grow the rice. MAFF intends to develop technology capable of breeding a rice strain that can be sown in rice fields, thereby reducing the back-breaking labor required to grow rice seedlings and transplant them to rice fields.

MAFF also intents to breed an epochal rice strain that can kill insect eggs with its own botanical defense mechanism and secrete from its roots a chemical material that kills weeds. This rice strain will reduce agricultural chemical use.

MAFF is of the opinion that if this rice strain is of good quality and requires less agricultural chemical consumption, it would be able to compete internationally even if its price is a little higher than that of foreign rice. MAFF plans to make an investment of 350 million yen in the first initial year.

To further innovate the breeding technology for beef cattle, MAFF will develop technology over the next six years that makes it possible to extract a large number of unfertilized eggs from black- furred Japanese cows, which have a reputation for good quality beef, after being injected with hormones to raise the fertility rate. MAFF plans to make an investment of 120 billion yen in the initial year.

If the unfertilized eggs extracted from cows are used to artificially inseminate milking cows, which need not calve many times, this would make it possible to breed a beef cattle that can produce low-cost, high-quality beef. So far, ova for artificial insemination have been obtained from slaughtered cattle, but this has raised questions about whether they can contribute to breeding a low-cost, high-quality beef cattle because of their unknown ability.

Farmers, Consumers File Suit on Rice Policy

OW1910033494 Tokyo KYODO in English 0259 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—A total of 1,079 farmers and consumers filed a suit Wednesday [19 October] against the government over its longstanding policy of reducing the area of land devoted to rice production.

In the suit filed with the Tokyo District Court, the joint group of rice farmers and consumers demanded suspension of the policy and 100,000 yen compensation to each member of the group They argued the production adjustment policy since 1970 has violated the right to life of both the farmers and the consumers. The group attributed the rice shortage panic earlier this year to the production adjustment policy.

The government will not purchase rice produced by farmers who do not accept orders to cut rice acreage and even resorts to suspending public works projects in farming areas if any farmer in the area rejects such orders, the plaintiffs said.

The group includes farmers and members of consumer organizations. They say it is the first suit ever jointly filed by farmers and consumers against the rice production [word indistinct] policy.

Comments from the Agriculture, Forestry and Fisheries Ministry were not immediately available.

The Farm Ministry is reportedly considering introducing a new rice production control system in the wake of the partial opening of Japan's rice market.

Editorial Urges Revision of IMF Functions

952A0025A Tokyo YOMIURI SHIMBUN in Japanese 10 Oct 94

[Editorial: "Revision of IMF Functions Needed"]

[FBIS Translated Text] The series of international monetary meetings held from the beginning of this month came to an end with the close of the joint annual general conference of the International Monetary Fund (IMF)-World Bank.

An issue that stood out in an otherwise peaceful conference was the confrontation between advanced industrialized nations and developing nations on the new distribution of IMF special drawing rights (SDR).

SDR's were established for the purpose of augmenting dollars and gold used by various nations as foreign exchange reserves. Countries that are recipients of SDR allocations can exchange them into currencies such as dollars or yen among other member nations or use them for official settlements.

There have been no new allocations since 1982, and 37 nations which joined the IMF in connection with the collapse of the Soviet Union and democratization of the East European nations have not received allocations of SDR's.

The seven-nation conference of finance ministers and central bank presidents (G-7) held on 1 October produced an agreement on the allocation of SDR's to nations which had not previously received such distribution with a view to establishing fairness among member nations and for the purpose of providing aid to the former Soviet Union and Eastern Europe.

However, during the IMF's policymaking agency's interim committee meeting on 2 October, developing nations such as India opposed the G-7 plan, saying, "It will result in allocations favoring the former communist sphere including Russia," and supported the IMF Secretariat's plan to allocate SDR's to all member nations, and, as a result, a final decision was postponed until next spring.

In the past, the IMF initiatives were made by principal leading nations such as basic currency nations like the United States and Japan, and Europe. However, after nearly half a century of postwar history, such initiatives have been obstructed by the opposition of developing nations for the first time. The situation indicates the need to perform a fundamental review of IMF operations under the leadership of advanced nations.

A review should also be made of the status of SDR's, which became the cause of the confrontation. SDR's were created as instruments to augment dollars and gold, and were designed to play a future central role as a foreign exchange reserve. However the G-7 plan and the Secretariat's plan supported by the developing nations both seem to visualize the new SDR allocations as a form of financial aid.

Financial aid using standard currency such as dollars impose a fiscal burden on the aid-dispensing country. It cannot be denied that nations with difficult fiscal situations had figured that there was an advantage to the new allocation of SDR's in that they would provide financial aid without imposing any fiscal burden.

The excessive issuance of SDR's leads to their conversion into principal currencies such as dollars, bulging supplies of such currencies, and ultimate inflation. Rules are needed to prevent such situations. There is also a problem with the simple treatment of SDR's as instruments of financial aid.

As evident in the SDR debate, the IMF is intensifying its role as a financial aid agency, but the time has come to review the functions and status of the IMF.

The Bretton Woods committee, composed of veteran currency authorities of advanced industrialized nations, issued a report before the Naples summit of leaders of advanced industrialized nations in which it proposed that the IMF missions be modified to restore it to its original function of currency stabilization and coordination of international balance of payments and to charge it with the central role of coordinating economic policies on an international scale.

The report proposes that the IMF make a distinction between itself and the World Bank, whose mission is to provide long-term aid in support of the economic growth of developing nations and for the IMF to specialize in its original functions. The Naples summit produced the agreement that next summer's meeting will focus on the review of various institutions, including the IMF. We would ask that Japan, the United States, Europe, and other concerned nations engage in a serious study of the subject.

Murayama, Mongolian Official Meet, Discuss Ties

OW1910025594 Tokyo KYODO in English 0218 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—Prime Minister Tomiichi Murayama told Mongolia's parliamentary leader Natsagiyn Bagabandi on Wednesday [19 October] that Japan hopes to strengthen relations with Mongolia through economic and personnel exchanges.

The premier made the remark in a meeting with Bagabandi, chairman of the State Great Hural, Mongolia's legislature, Foreign Ministry officials said.

During the 15-minute meeting, Bagabandi expressed Mongolia's desire to strengthen ties with other Asian countries, especially Japan, the officials said. He also thanked Japan for its economic assistance and sought more investment in Mongolia from Japanese business corporations, they said.

Bagabandi relayed an invitation from Premier Puntsagiyn Jasray for Murayama to visit Mongolia. But Murayama did not respond directly, the officials said. Bagabandi is visiting Japan at the invitation of House of Councillors President Bunbei Hara.

PRC Official Complains Over Hsu's Visit to Asiad

OW1910112794 Tokyo KYODO in English 1059 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—A senior Chinese official complained Wednesday [19 October] about Taiwan's Deputy Premier Hsu Li-te's recent visit to Japan to attend the Hiroshima Asian Games and warned about a possible negative impact on Tokyo-Beijing ties.

In a meeting with Shusei Tanaka, deputy head of new party Sakigake, Li Shuzheng, who heads the Chinese Communist Party's International Liaison Department, warned that any mistake on the part of Japan in handling the Taiwan issue could mar Sino-Japanese relations, Sakigake officials said.

"It is a sensitive issue for China. Any mishandling of the issue could hurt relations between China and Japan," Li was quoted as saying.

Hsu visited Japan in early October to attend the opening ceremony of the 12th Asiad and promote Taipei's bid to host the Asian Games in 2002. Hsu was the highest-ranking Taiwan official to visit Japan since Tokyo severed its diplomatic ties with Taiwan to set up formal relations with Beijing.

Tanaka protested at China's recent nuclear test, and Li replied that China will not use nuclear arms in a preemptive strike and is calling for the need to conclude an international nuclear test ban treaty, the officials said.

Kitakyushu Firms Begin Enviro-Consulting in PRC

952A0022A Tokyo NIHON KEIZAI SHIMBUN in Japanese 5 Oct 94 Regional Edition p 14

[FBIS Translated Text] Environment Technos (Kitakyushu city; Akiru Tsuruta, president), an environment consultant, and Sakai Chikuro (Kitakyushu city; Masami Sakai, president), an incinerator manufacturer, jointly have established a Japanese-Chinese joint-venture environment measures consulting company (Shanghai Kyushu Environment Protection Facilities Corp.) in Shanghai, China. They will sign the contract in Shanghai on 7 October. Along with economic development, pollution of the atmosphere and rivers is becoming serious in China and the new company aims to expand the popularity of low-cost pollution-prevention equipment.

They will establish the joint-venture company in January 1995 with $200,000 (about 20 million yen) in capital. The investment ratio is 50 percent by the Shanghai Machine Tool General Corp.'s Environment Protection Equipment Corp of China and 25 percent each by Environment Technos and Sakai Chikuro. President Tsuruta of Environment Technos has been appointed board chairman and the general manager will come from China. They will start with five employees hired locally and, in addition, Chinese company employees of Environment Technos will be permanently stationed there.

The joint-venture company will handle water-purifier tanks for waste water treatment, desulfurization equipment for emissions treatment, and incinerators for noncombustible industrial waste. Since they do not have production facilities, manufacture will be ordered outside from local companies in China, and they will give guidance in production technology. Environment Technos will be in charge of water-purifier tanks and desulfurization equipment, and Sakai Chikuro will be in charge of incinerator technology.

According to Environment Technos, coal boilers are the mainstream in Shanghai, but in the current situation where there is almost no desulfurization equipment in medium and small factories, they will provide guidance in technology for low-cost, popular model desulfurization equipment.

Water-purifier tanks will center on residential waste water use. They are studying the reverse import of FRP (fiber-reinforced plastic) parts for the water-purifier tanks manufactured in China. On the other hand, Sakai Chikuro will provide guidance on incinerators for medical waste materials. The city of Shanghai is providing guidance on incineration disposal of medical waste materials, but it is called a situation where illegal discarding has not been eradicated and "existing incinerators also produce incomplete burning" (President Sakai).

They are also planning to give guidance on soundproofing and deodorization technology in the future.

Tokyo Gas Joins Malaysian Cooling Venture

952A0033A Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 Oct 94 p 5

[FBIS Translated Text] The three companies of Tokyo Gas, Mitsui and Co., and Mitsubishi Corp. are starting a project to supply power for air-cooling in the city of Kuala Lumpur in a joint venture with the Malaysian state-run petroleum company, Petronas. With natural gas as the fuel, they will supply 30,000 frozen tons [equivalent] of cold water (for 30,000 home coolers) for cooling a 40-hectare urban redevelopment area with 88-story buildings, etc. This is their first contract to supply large-scale block cooling in Asia outside of Japan. Air-cooling is rapidly becoming popular in Southeast Asia with its high temperatures and high humidity, but the power deficiency has become serious and introduction of this supply of block cooling that does not use electric power has great merit.

Four companies such as Tokyo Gas and Petronas have established the Gas District Cooling Company that will be the nucleus of the project with capital of about 3 billion yen. The investment ratio is 40 percent for the three companies on the Japan side and 60 percent for Petronas. They will begin supply in January 1996.

The air-cooling system generates electricity with two gas generators capable of generating 4,000 kilowatts of electric power to run electric freezers and uses the surplus heat from the power generation to run a steam turbine-powered freeezer to make cold water. In normal block cooling and heating in Japan, etc., cold water is made by a gas turbine absorption-type freezer, but since the cooling temperature required in Malaysia is lower than Japan, they are using electric motor freezers that have a large cooling effect.

The cost of the plant will be about 10 billion yen. The natural gas that will be the fuel will be supplied by pipeline from domestic gas fields by Gas Malaysia, which Tokyo Gas and Petronas manage.

Murayama Asks for Advisers' Help on Policy Matters

OW1910113294 Tokyo KYODO in English 1041 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—Prime Minister Tomiichi Murayama on Wednesday [19 October] asked three ruling coalition legislators to give him "advice" on policy matters.

Murayama made the request at his first meeting with the three, who were selected from the coalition parties as advisers to the premier, the three legislators told reporters.

The three are Hidenao Nakagawa of the Liberal Democratic Party, Masaru Hayakawa of Murayama's Social Democratic Party and Atsushi Nishikori of new party Sakigake.

"The premier told us to give him advice on policy issues," Hayakawa said, adding there was no debate on specific policy tasks the advisers should tackle. "Our job is, in a broad sense, to help the premier think about policy matters and make judgments," he said.

The advisers will meet Murayama once a fortnight over lunch, said Chief Cabinet Secretary Kozo Igarashi, who were also present at the meeting.

Under the former government of Prime Minister Morihiro Hosokawa, Shusei Tanaka, who is now acting leader of Sakigake, served as a special adviser to the premier.

Finance Minister Views Administrative Reform

OW1910125594 Tokyo FNN Television Network in Japanese 2242 GMT 15 Oct 94

[FBIS Editorial Report] Tokyo FNN Television Network in Japanese at 2242 GMT on 15 October, in its "News 2001" program, carries a 30-minute roundtable discussion among Finance Minister Masayoshi Takemura, Hitotsubashi University Professor Iwao Nakatani, NIHON KEIZAI SHIMBUN editorial staffer Yasuhiro Tase, and political commentator Kenichi Takemura at the FNN studio in Tokyo. The discussion is moderated by Yuji Kuroiwa and Megumi Sekito. Nakatani joins discussion via hookup from a Tokyo Hotel.

At 2242 GMT, Kuroiwa asks Nakatani's view on prospects for the Murayama administration to achieve administrative reform. Nakatani says: "I think it may be possible to achieve peripheral reform plans, such as retrenchment and unification of special public corporations and privatization of national hospitals. However, discussion on fundamental rearrangement of the administrative structure has not fully started yet."

Asked whether administrative reform is really necessary, Takemura says administrative reform should be continuously carried out to prevent the government from unnecessarily expanding. As for its purposes, he says: "We basically aim to rearrange the administrative structure to meet the demands of today's present society and people."

Nakatani says that the biggest problem in carrying out reform is that ministries and agencies try to protect their own interests only instead of cooperating with each other in mapping out Japan's unified view on pending issues. He then adds: "It is necessary to form a new system for making unified decisions. However, there is strong bureaucratic resistance. There is no other way but to win public support for doing so." Takemura shares Nakatani's view, and stresses the need for leadership by politicians in promoting administrative reform. He then expresses confidence in achieving reform under the Murayama cabinet.

At 2252 GMT, the topic shifts to a Sakigake (Harbinger)-proposed draft administrative reform program. Highly praising Sakigake for forming a concrete plan, commentator Kenichi Takemura supports Sakigake's proposal that the Housing and Urban Development Corporation be privatized to show people the government's resolution on achieving reform. Asked about the centerpiece of the administrative reform program, Takemura says: "The main purpose is to review the structure of the ministries and agencies. That means a review of the functions of the Prime Minister's Office, the sectionalism of ministries and agencies, the civil service employment system, and relations between legislative and administrative bodies." After showing his support for reinforcing the functions of the Prime Minister's Office, Nakatani asks the Murayama cabinet's view on this issue. Takemura says: "Not only present cabinet members, but also those in the past have acknowledged its necessity." He then adds that, as a first step, it is likely that special aides to the prime minister are likely to be selected from the three ruling parties. He then urges that posts similar to those aides be created in each ministry and agency to help ministers form policies. Concerning the labor unions' attitude on administrative reform, Takemura says: "Lately, labor unions, including the Rengo [Japanese Trade Union Confederation], began to change their attitude toward reform. There are an increasing number of unions that clearly support reform."

At 2304 GMT, asked about how Sakigake plans to cooperate with the Liberal Democratic Party [LDP] and the Social Democratic Party of Japan [SDPJ] in promoting administrative reform, Takemura said: "Probably, the LDP and the SDPJ will work out their own draft reform plans by this fall or by year's end. However, I think we will have a very hard time making a final decision on the reform program, because there will be various responses and resistance."

At 2308 GMT, the topic shifts to the SDPJ's bid to unify the liberal forces in cooperation with the Japan Democratic Socialist Party [DSP] and other liberal forces. While saying that Sakigake has not yet decided to establish a new party in cooperation with the SDPJ and the DSP in the future, Takemura shows a favorable view on cooperation between the LDP and the SDPJ in election campaigns, saying: "We, Sakigake, attach importance to cooperation with the SDPJ. We have also begun to feel that, concerning pending issues, more than half of the LDP members hold views similar to ours." Regarding SDPJ Secretary General Wataru Kubo's remarks favoring early dissolution of the House of the Representatives, he shows a negative view, saying: "Political parties should first make their utmost efforts to clearly express to the people their own policies on pending issues before the elections."

The discussion ends at 2312 GMT.

Editorial Bemoans Inefficient Stock Market

952A0026A Tokyo NIHON KEIZAI SHIMBUN in Japanese 10 Oct 94 p 2

[Editorial: "Concerned About Malfunctioning of Stock Market"]

[FBIS Translated Text] The stock market is severely depressed, despite the view that the economy has bottomed out. The Nikkei average has recently broken through the 20,000-yen level and trading on the First Section of the Tokyo Stock Exchange has fallen to about 20 percent of this year's peak, down to a daily average of 100 million shares valued at 200 billion yen.

The question is why? Several reasons have been mentioned in the markets such as the withdrawal of foreign capital which served as a principal buying force, but we believe they can be summarized into the following three factors.

First, the stock market has not reached the point where it can show confidence in the full-scale recovery of the economy. The second factor is related to the first factor, but recovery in corporate revenue is slow and profits are still hovering at low levels. Third, adjustments required on the basis of the bubble are still incomplete and stock prices are still overvalued.

A consensus has been formed that various economic indices portray a situation in which we will not see a further worsening of the economy, but only a minority foresee a straight-line recovery. Recent surveys show that we cannot forecast a clear-cut recovery either this year or next year in the important area of private-sector capital investment.

Considering the persistent low factory operating rates, which seem to indicate a considerable gap between supply and demand, and limited but intensifying shifts to overseas of corporate capital investment activity, it is difficult to visualize a situation in which corporate capital investment activity in the near term will lead the way to strong economic activity.

Although only logical, we cannot take an optimistic view of corporate profit. Even if the effects of restructuring are realized in the area of fixed costs, it will still take time for real demand to develop on the basis of the spreading phenomenon of price destruction.

Additionally, the profitability level of corporations is very low. Ever since the collapse of the bubble, emphasis has been placed on return on equity (a percentage calculated by dividing equity into net income), used in Europe and the United States to determine stock value, but although some variations exist, return on equity of principal corporations has pretty much fallen consistently from the 1980's until now.

According to the Nomura Research Center, return on equity for the year ending in March 1994 was 2.7 percent, a historical low. It fell far below the rate of 4 percent for long-term interest rates as well as the recent return of 4.6 percent on long-term government bonds. This factor alone shows that there is little appeal to investing in stocks.

Another factor weighing heavily on stock prices is the third factor; i.e., the notion that stock prices are overvalued. Return on stock in the way of dividends has remained far below 1 percent, and price-earnings ratios based on stocks included in the Nikkei average stand at 90 using projected earnings and stand above ratios existing during the bubble.

However, selling of stocks will not necessarily increase because of such conditions. Aside from the fact that purchase prices are high and selling will result in losses in many cases, if institutions with large holdings sell and cause prices to fall further, there is the risk that they will incur losses because of lower paper valuations or face the situation where they may be unable to meet Bank for International Settlements (BIS) equity requirements.

On the other hand, it is rumored that government funds such as those available from the postal life insurance system are funnelled through trust banks to purchase and support stock prices whenever they appear to be falling. The government denies such rumors, but it is a fact that the integrated economic measures launched by the government in 1992 facilitated the use of public funds to buy stocks.

You might say that the current status is such that the foregoing circumstances prevent both an upside and downside move in stock prices. The problem is that the circumstances have caused a sharp decline in the trading volume. A stock market functions only when liquidity is maintained so that stock can be sold or bought at any time. In that sense, we can say that the current stock market is functionally paralyzed.

The sole improvement measure available is an emphasis on market mechanisms; that is, to allow the markets to perform their supply and demand coordinating capacity based on stock prices.

If it is true that public funds are being used to sustain prices, such practice should cease immediately except in emergencies to prevent drastic declines in prices.

Further, corporate requirements to raise capital should not be limited artificially or new issues regulated only because the stock market is depressed.

The deadline for making payments towards the purchase of Japan Tobacco Industry (JT) stock will come on Monday of next week, but it is expected that there will be a considerable amount of forfeited stock. Under current stock market conditions, the new issue price of 1.43 million yen a share is excessive. The government faces many problems that it must consider, such as the bidding methods for such new issues; in essence, circumstances merely teach us the simple fact that we cannot disregard market forces.

We can say the same for the circumstances surrounding the massive sales of convertible bonds in September. The lesson learned was that if the volume of new issues rises sharply, changes must be made so that issue conditions are favorable from the standpoint of the investor. If securities firms underwrite securities with conditions which disregard market forces under pressure from issuing firms, the securities may remain unsold.

Although it is said that restrictions on new issues have been relaxed on the over-the-counter market, it is said that over 100 firms await placement of shares on the market, but such action is restricted to five firms a week, a clearly incongruous situation.

Government, corporations, and securities firms which act as market intermediaries must fundamentally change their thinking so that they emphasize market conditions.

U.S. Treasury Under Secretary for International Affairs Summers recently mentioned at a seminar in Tokyo that "the recovery of the U.S. economy owes a lot to the high efficiency of the U.S. monetary and financial markets." This statement does not apply only to the United States. The proper functioning of the stock market will be the key to the near-term economy as well as the recovery of the Japanese economy.

Five Banks Set Up Brokerage Subsidiaries

OW1910082294 Tokyo KYODO in English 0502 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—Five major Japanese commercial banks set up brokerage subsidiaries Wednesday [19 October] in a step toward increased financial deregulation stipulated under a law passed two years ago.

The establishment of the brokerage subsidiaries by the five banks—Mitsubishi Bank, Fuji Bank, Sanwa Bank, Sakura Bank and Dai-Ichi Kangyo Bank—followed the lead taken by ASAHI bank in July. The five banks plan to start operating the brokerage subsidiaries in late November, bank officials said.

The five brokerage subsidiaries are Mitsubishi Diamond Securities Co., Fuji Securities Co., Sanwa Securities Co., DKB Securities Co. and Sakura Securities Co.

Sumitomo Bank, one of the nation's top banks, failed to win government approval to form its brokerage subsidiary in step with the five banks due to bickering with authorities over the name of the subsidiary. Sumitomo had wanted to put the word "bank" in the name of the subsidiary, but the Finance Ministry refused because it wants to minimize the influence of the parent bank over the subsidiary. Sumitomo relented and is now expected to open the subsidiary in late November like the five other major banks, bank officials said.

The opening of the five wholly owned subsidiaries coincides with Japan's financial liberalization law enacted in April last year, allowing banks and securities firms to engage in each other's type of business. But the law limits operations of brokerage subsidiaries of banks to bond underwriting and dealings and prohibits them from acting as stockbrokers.

Financial industry analysts say the entry of banks into the corporate bond market and government bond dealings will intensify competition with brokerage houses which have traditionally dominated the markets.

Small Firms' Business Sentiment Improves

OW1910095694 Tokyo KYODO in English 0921 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—Business sentiment among small Japanese companies in the July-September period improved for the third consecutive quarter, according to an official survey released Wednesday [(19 October].

The Small and Medium Enterprise Agency, in releasing the quarterly survey, said the diffusion index (DI) for business confidence among small companies came to minus 20.3, compared with minus 26.1 the previous quarter.

The DI is a reading representing the percentage of firms observing business improvement from a year earlier minus that of companies experiencing business deterioration.

The pretax profit DI came to minus 26.0, compared with minus 31.1 the previous quarter, while the sales DI posted minus 17.8, compared with minus 25.3.

The DI for the business confidence outlook for the October-December quarter also improved to minus 12.3 from minus 20.3.

The quarterly survey was conducted on Sept. 5, covering about 19,000 small firms across the nation, the agency said.

IBJ Forecasts 1.6% Economic Growth in FY95

OW1910095594 Tokyo KYODO in English 0926 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—Japan's economy has finally pulled out from the worst and is headed for recovery, with an expected 1.6 percent growth in real gross domestic product (GDP) in fiscal 1995 starting next April, the Industrial Bank of Japan said Wednesday [19 October].

The bank said in a report on its economic outlook for fiscal 1994 and 1995 that indications of a recovery have been seen spreading throughout the economy after lingering at the bottom since last fall. It forecast a minimum real gdp growth of 0.5 percent for the current business year.

Private consumption is on a moderate recovery path on the back of stable prices, continuing tax cuts and the scorching summer, the bank said.

It forecast consumer spending would increase 2.2 percent in fiscal 1994 from the previous year and 2.8 percent in fiscal 1995 on an inflation-adjusted basis.

Corporate earnings are expected to mark a double-digit growth of an average 16.3 percent in fiscal 1995 from the previous year after a 4.2 percent yearly rise in fiscal 1994, it said.

By industry, however, profits of nonmanufacturers and smaller businesses are not likely to join the recovery bandwagon soon, while major manufacturers are expected to see a gradual upward trend, it said.

Capital investment is expected to remain sluggish, though it will touch bottom during fiscal 1995, partly because improving demand may result in more imports, failing to strongly boost production and then capital spending, the bank said.

It expects capital investment to fall by 6.0 percent in fiscal 1994 for the third straight year of declines and edge up 1.4 percent in fiscal 1995.

Hashimoto Meets With Senior Executives

OW1810144494 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Oct 94 Evening Edition p 2

[FBIS Translated Text] Minister Ryutaro Hashimoto of the Ministry of International Trade and Industry [MITI] held talks with senior executives of the Japan Association of Corporate Executives [JACE] [Keizai Doyukai], including its chairman, Masaru Hayami, in Tokyo on the morning of 17 October. The JACE leaders voiced their opinions that to foster new industries, it will be necessary to activate the over-the-counter market and improve sources of venture capital. In his reply, Hashimoto stated that from the viewpoint of promoting economic recovery, "MITI will support efforts toward advances into new fields."

Report Urges Deregulation of Utility Charges

OW1910034794 Tokyo KYODO in English 0318 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—A draft report compiled by the ruling coalition's project team on economic measures calls for deregulation of public utilities charges, the report showed Wednesday [19 October].

KYODO NEWS SERVICE obtained a copy of the report, which urged competition be encouraged and government approval and licensing requirements be reduced on utilities charges, such as highway tolls, telephone charges and taxi fares. The report also recommended full disclosure on the charges by the public service organizations, including explanations for revisions or cost-cutting efforts. The report also said that the central government should respect decisions made by local authorities regarding utilities charges.

The previous cabinet of Prime Minister Tsutomu Hata received strong opposition from local authorities after imposing a national freeze in May on utilities charges, including local bus and subway fares.

The report recommended utilities charges be set in consideration of international levels.

The proposal is expected to be adopted as "basic guidelines on utilities charges" of the cabinet under Prime Minister Tomiichi Murayama, subject to approval next week by the full cabinet or a ministerial council in charge of economic affairs, coalition sources said.

Work of Environmental Studies Institute Viewed

952A0023A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 5 Oct 94 p 5

[FBIS Translated Text] Global warming, ozone layer destruction, acid rain, atmospheric and river pollution, and desertification are research themes being undertaken by the National Institute of Environmental Studies of the Environment Agency [EA]. Since the National Institute of Environmental Studies was inaugurated in 1974, it has been active as the leader in Japanese environmental research and has made a big contribution to civic life and the industrial sector.

"Research themes have increased to double." Recently, a researcher at the institute thus relates with a touch of sarcasm. That is because there has been no increase in researchers although the research budget has increased with the environment boom and a situation is occurring where they are being pressured by the workload.

The institute was completely reorganized in 1990 and the research organization was greatly changed along with that. Departments and groups are organized vertically and horizontally in response to the diversification of research fields. Cases have come out where one researcher will belong to both a group and a department. For that reason, while personnel exchanges have been brisk, the workload also has increased.

The largest group is the Global Environment Research Group which has 36 researchers. Comprised of 8 research teams, they are undertaking observations on a global scale such as global warming and ozone layer destruction. The earth observation satellite "ADEOS" that will be launched next fiscal year also is one research topic.

EA developed it in cooperation with private companies such as Matsushita Giken (Kawasaki city; Yoshiyuki Sano, president) and Toshiba in addition to the Ministry of International Trade and Industry. It will carry the newest observation equipment to investigate the amount of ozone which surrounds the world, temperature of the sea surface, and hothouse effect gas concentration.

They are inundated with research themes which should be undertaken such that it is said, "The budget for ADEOS No. 2 already is being calculated" (Masayuki Yasuno, general research officer, Global Environment Research Group).

One is the "milliwave rider" under construction on institute grounds which they aim to complete within the year. It makes possible the measurement of ozone and chlorine concentration in the stratosphere 40 to 60 kilometers up in the air using low-frequency "milliwave band" radio waves the same as radio wave astronomical observatories used to observe the stars.

Nobuaki Washida, head of the Atmospheric Environment Department that will employ the milliwave rider expects that "the height of the ozone layer which is being destroyed by fluorocarbons can be accurately grasped if combined with observations from the satellite." On the other hand, however, he sighs, "We can accommodate the equipment, but we don't know whether personnel can be increased."

To resolve this situation, the Atmospheric Environment Department is aggressively sending out researchers to outside research institutions such as universities, and they are making an effort to widen the research network. Four researchers were moved to universities in April 1994 and more than 10 during the past three years. The increase in universities that are newly setting up departments and curricula in environmental fields is becoming a tailwind, but it is an exceptional number of people for a research department.

They are sending out researchers to universities and promoting joint research by having the research divvied out to the students there. For that reason also, department chief Washida says that "we must always lead the world in the field of atmospheric chemistry."

There are several research fields where the institute leads the world. One of them is the measurement of the amount of methane generated in Russian Siberia, which is said to greatly influence global warming. The leader of the global-warming phenomena illumination research team, general research officer Hajime Inoue, led world researchers in promptly setting foot into Siberia after the dissolution of the Soviet Union and joining hands with the Moscow Ecology Research Institute, he has been flying in the skies over the forests of Siberia in an airplane this summer.

Joint research also is flourishing with private companies and local governments, not just research institutions abroad. Since researchers attached to local governments deal with local environment problems, over 1,000 people a year come and go in joint research. Private companies also mention the merits of exchanges, saying "the application of new technology developed jointly with the institute to low-cost test equipment enables new products." (measuring instruments manufacturer who cooperated in ADEOS) However, the opinion also exists internally, "Is it all right to keep riding this environment boom?" That is because research on a local level that was cultivated in the era before the reorganization of the institute is being lost due to the research field of "environment" having spread on a global scale.

The number of research papers on Kasumigaura, where chronic water pollution continues, has been cut in half in the past few years. However, the top echelon critical mind is not necessarily high, as with Director General Sohei Miyashita who toured the institute in September saying, "I don't think that is the case." There even is the view that "organizational changes were a failure" (a general research officer).

Institute Director Tsugumi Suzuki, who was appointed director in March this year, asks that it be viewed in the long-term, saying, "the results of the organizational change will come out within the next five years." With regard to the busy research scene, he appeals to the importance of global environment research, saying, "That is because it will be the end if mankind perishes" (Atsunobu Takeshita).

International Environment Standards Drafted

952A0024A Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Oct 94 p 1

[FBIS Translated Text] Twenty-one major countries including Japan, the United States, and European nations have agreed on the draft of the "Environment Management System" by the International Organization for Standardization (ISO), which has been set as the international standard for companies undertaking preservation of the environment. At the earliest, it will go into effect in January 1996. The Japanese Government will prepare a Japanese Industrial Standard (JIS) in line with this. If environmental standards are not kept, there is a strong possibility of being squeezed out of the market in product exports. Companies virtually will be obligated to prepare guidelines and environment management plans for preservation of the environment and to create an environment monitoring system such as selecting an officer in charge of the environment.

The "environment management system" checks the effects on the environment by all aspects of corporate activity extending from purchase of raw materials to production, sales, and recycling, and will be the criteria for promoting improvements. There had been a surge of debate on introduction of it on the occasion of the 1992 global summit and ISO began specific work on establishing it in January last year.

The draft firmed up by the ISO working subcommittee recently held in Vienna is comprised of five major parts: 1) establishment of environment guidelines, 2) preparation of an environment management plan, 3) methods for implementation and employment of the management plan, 4) environment monitoring such as a check and review of the extent of management plan attainment, and 5) inspection of management plan by manager.

According to this, it will be necessary for each company first to set up its own environment guidelines for preservation of the environment and to prepare a specific environment management plan conforming to these guidelines. They will select a full-time officer in charge of executing the plan and have thorough education on the environment for persons concerned such as employees and business connections. In addition, they will carry out monitoring to check plan execution regularly and compile a report on the results. Establishment of specific control values and the obligation to make public periodically the inspection report are not incorporated in the draft and suspension of product purchases from business connections who are neglecting environment preservation activities also is not clearly stated. However, since it is necessary to make public the inspection report if requested by a third party, preparation of an environment monitoring system will be indispensable in observing the regulations

Tokyo Firm Begins 'Low-Cost' Internet Service

OW1910082494 Tokyo KYODO in English 0550 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—A Tokyo computer software developer has started a low-cost service to connect individual computer users to Internet, the world's largest computer network, company officials said Wednesday [19 October].

Rapid Systems Inc. said it is charging a registration fee of 3,000 yen and monthly basic charges of 1,800 yen to individual subscribers.

After the monthly usage time exceeds seven and half hours, the usage fee beyond that time will be 10 yen per three minutes, compared with 30 yen per minute charged by other connecting services, the officials said. Rapid Systems is limiting the initial number of subscribers to 10,000.

The company plans to start a similar service next year for corporate customers through private communications lines for a basic monthly charge of 200,000 yen, compared with 385,000 yen to 450,000 charged by other companies, the officials said. Users can access Internet's electronic mail, news service and databases through telephone lines with a personal computer.

About 30 million people in 140 countries use the service, the officials said.

NTT, Japan Telecom To Resolve Access Dispute

OW1910081394 Tokyo KYODO in English 0720 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—Nippon Telegraph and Telephone Corp. (NTT) will accept within 10 days a request filed by its domestic rival, Japan Telecom Co., for a telecom link for new data services, the NTT president said Wednesday [19 October].

"NTT's basic policy is to comply with all kinds of requests for connection of telecom networks," President Masashi Kojima told a news conference.

Japan Telecom filed a complaint Tuesday with the Posts and Telecommunications Ministry about NTT's refusal to connect a high-speed telecom network built by Japan Telecom with city telephone lines controlled by NTT.

In the complaint, Japan Telecom asked the posts minister to order NTT to connect the telecom lines in question.

"I don't see major problems to hamper solution of the issue. NTT will swiftly offer negotiations to Japan Telecom for an early solution of the issue," Kojima said. "I don't think it will take 10 days to resolve it."

Services via the new network would provide faster and more reasonable data transmission than existing services like packet telecom services, according to Japan Telecom.

The complaint by Japan Telecom came after nearly two years of gnawing negotiations with NTT over the phone network issue.

"The dispute would have been resolved before the complaint was filed, if contentious points had been limited to what to do with Japan Telecom's frame relay, which is not so difficult to settle," Kojima said.

"The dispute involves wider, more important issues—how to share cost burdens in intracity services," Kojima said.

He explained the latest negotiations between NTT and Japan Telecom took longer than expected because NTT proposed establishing an overall framework of rules on phone access and connections by new service operators like Japan Telecom.

"When NTT says it will accept any phone access requests, it does not mean the company will do it without making a profit," Kojima said, indicating Japan Telecom should agree to pay a fair amount of money for its new network's access to the NTT lines.

In the latest dispute over the frame relay, Japan Telecom requested special discounts be offered for large-lot customers, Kojima said. But such a request is unacceptable in the market for intracity services where no competition exists while NTT, almost a single player, is losing money, Kojima said.

MPT Extends License of Kinki Broadcasting

OW1910100394 Tokyo KYODO in English 0835 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—The Postal Ministry has decided to extend its license for deficit-ridden Kinki Broadcasting System [KBS] for another year from Nov. 1, ministry officials said Wednesday [19 October]. The officials said the license will be revoked automatically when the company's rehabilitation plan up for court approval is rejected.

The present license for the Kyoto-based television station is due to expire on Oct. 30, and the ministry has asked its advisory panel to come up with a recommendation for an extension of its license for another year, they said.

The Ministry of Posts and Telecommunications [MPT] approved a one-year extension of the license for KBS last year on condition the company repay its debt to restore its ownership of its broadcasting facilities. Normally, a broadcasting license is good for five years.

A Tokyo-based financing firm said it loaned 14.6 billion yen to the broadcasting company with its assets as collateral.

The finance company, Daiei OMC Inc., affiliated with Japan's top supermarket chain operator Daiei Inc., claimed that KBS pledged to repay the debt by June 1992.

KBS, however, claimed its assets were mortgaged without its knowledge by an executive of a bankrupt Osaka Trading Company. Daiei OMC warned it would auction off the assets to recover the debt. The Kyodo District Court, however, decided earlier this month to temporarily suspend procedures to put the assets up for auction on the grounds that the company is allowed to use broadcasting equipment as long as its rehabilitation program remains under review by the court.

Pro-DSP Unions Vary on Support for New Party

OW1810160094 Tokyo ASAHI SHIMBUN in Japanese 17 Oct 94 Morning Edition p 2

[FBIS Translated Text] While the Democratic Socialist Party [DSP] has steadily prepared for holding a 9 December party convention to disband itself and for creating conditions for joining the new-new party [shin shinto], labor unions supporting the DSP are at a loss as to how to deal with the situation. The views of "tansan" [industry-by-industry labor unions] vary, such as: "overall support for the new-new party" and "support for each member of the new-new party." There is also a view that the Yuai-kai, which is comprised of DSP-supporting labor unions, should be dissolved. Although Yuai-kai plans to hold an enlarged meeting of the three executives on 21 October and a meeting of representatives from local chapters on 9 November to discuss this issue for the first time, it seems difficult to spell out a unified opinion. As there is also a rift among the labor unions supporting the Social Democratic Party of Japan [SDPJ] over assessment of the coalition government between the Liberal Democratic Party [LDP] and the SDPJ, the suffering of labor circles, which are at the mercy of the movements of political realignment, will likely continue.

Among the political parties that will form a new-new party, only the DSP and Komeito have stable local organizations. More than 80 percent of about 100,000 DSP men are members of labor unions. Therefore, the percentage of each labor union's support for the new-new party will bear directly on the strength of the party. However, reactions by major labor unions under the influence of Yuai-kai to the new-new party are divided. An executive of Zenyusei [All Japan Postal Office Labor Union] says: "We want to support the new-new party. DSP members in our union will join the new-new party." On the other hand, an executive of Denryoku Soren [Federation of Electric Workers' Union of Japan] says: "Although we will support individual Diet members, such as those from labor organizations, it will be difficult for us to support the new-new party as a whole."

Zenyusei has been involved in a long confrontation with Zentei [Japan Postal Workers' Union], which is a major SDPJ-supporting labor union. The latter, which is critical of the LDP-SDPJ coalition, has indicated a stance of approaching the former coalition. For this reason, Zenyusei reportedly believes it is better to specify its stance of supporting the new-new party in order to make clear its difference from the Zentei. Meanwhile, since there is strong criticism within Denryoku Soren of the political methods of Shinseito [Japan Renewal Party] Secretary General Ichiro Ozawa and others, it believes it is difficult to support the new-new party, ignoring the criticism.

On the other hand, an executive of Zenka Domei [Japanese Federation of Chemical and General Workers' Unions] maintains: "Taking the opportunity of the DSP's dissolution, Yuai-kai should also disband itself." In addition to Yuai-kai, there is another DSP-supporting labor group, the "Council of Labor Unions Supporting the DSP," which includes labor unions under the influence of [left- leaning] Sohyo [General Council of Trade Unions of Japan] and labor unions under the influence of Churitsu Roren [Federation of Independent Unions of Japan]. Therefore, it is believed that the DSP-supporting council could become the main body for seeking the gathering of various social democratic forces. Under these conditions, the enlarged meeting of the three executives plans to propose that the DSP-supporting council be dissolved to form a new council of labor unions which will expand its support to rightist members of the SDPJ.

There is a financial issue. At an executive committee meeting on 12 October, the DSP decided to set up the political organization, the "DSP Association," which will be in charge of liquidation work following its participation in the new-new party. The liquidation work will reportedly cost 300 million yen each year. However, because labor unions' donations to political groups will be regulated following the revision of the Political Contribution Control Act, the association needs to cover the cost mostly with DSP membership fees. A senior DSP member says: "Since we do not know whether members of DSP-supporting labor unions will agree to provide funds to the new-new party, we hesitate to ask them to share the cost of the liquidation work of the association."

Komeito Ready To Join New Opposition Party

OW1810144094 Tokyo KYODO in English 1325 GMT 18 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 18 KYODO—Komeito decided Tuesday [18 October] on a new party platform spelling out its plan to disband in December to join a new grand party comprising all the main opposition groups except the Japanese Communist Party, party officials said. The new policy platform will be presented to the party congress Nov. 5 for formal approval, the officials said. The party, supported by the lay Buddhist organization Soka Gakkai, will dissolve Dec. 5, closing its 30-year history, they said.

The latest platform stresses the party's determination to topple the current three-party ruling coalition headed by Prime Minister Tomiichi Murayama. The party views the planned alliance as a step toward crystalizing a power base that can replace the ruling coalition of the Liberal Democratic Party, Murayama's Social Democratic Party [of Japan] and New Party Sakigake [Harbinger] and create a new framework in which a change of power will be a norm.

As the first step, Komeito plans to group itself into two parties—one comprising local assembly members and House of Councillors lawmakers who do not face elections next year, and the other comprising House of Representative members and upper house legislators who do. The lower house members and upper house legislators who face polling next year will be the first to join the new opposition party, the officials said. The opposition bloc is expected to launch the new party Dec. 10.

Komeito Secretary General Yuichi Ichikawa told a press conference Tuesday that the party will abandon its long-standing policy of refusing donations from companies and organizations in order to toe the line of the new Diet bloc and avoid putting a drag on its activities. Komeito has been accepting donations of up to 1.5 million yen a year only from individuals.

Ozawa Predicts Reorganization Prior To Election

OW1910034994 Tokyo MAINICHI SHIMBUN in Japanese 18 Oct 94 Morning Edition p 2

[FBIS Translated Text] On 17 October, Shinseito [Japan Renewal Party] Secretary General Ichiro Ozawa told the Administrative Reform Council (chaired by Hiroshi Okuda, Toyoda Motor Corporation vice president) of Keidanren [Federation of Economic Organizations of Japan]: "Not in the so distant future and before the next House of Representatives election, there will be another political world reorganization." He is thought to have made this remark in expectation that once the bill on lower house electoral district zoning is passed, there will be defections and desertions from both ruling and opposition camps. Apparently he was thinking of moves being made by Shinminshu Rengo [New Democratic Alliance] led by Sadao Yamahana, former Social Democratic Party of Japan chairman.

Ozawa said: "Last year witnessed the ending of one era that was marked by the Liberal Democratic Party [LDP] confronting the non-LDP camp," and added: "Some people in the former coalition camp say there is not much difference in policy (between the ruling parties and the new-new party), but I do not think so." Ozawa insisted that "The direction we head for is different from that of the ruling parties," and asserted that the political reorganization's key points lie in such goals as "small government" and deregulation.

However, in reference to Japan's international contributions, Ozawa said: "Even though we want to adopt a concept of common collective security [kyodono shudanteki anzenhoshoron], there are differing views within the opposition camp in this regard." Ozawa thus admitted adjustments of views on the Constitition's interpretations [with regard to the issue of international contributions] are yet to be completed.

Speaking on the question of political funds, he said: "I feel it will be settled in a manner whereby one-third of the funds will come from public subsidies and two-thirds of them from individual and corporate donations." He thus suggested that he wants corporate donations to continue.

New Opposition Party To Accept Foreign Members

OW1910124894 Tokyo KYODO in English 1138 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—The planned new party of the opposition coalition will accept foreigners living in Japan as party members, opposition officials said Wednesday [19 October]. The new party preparatory conference of the opposition coalition, comprising all opposition groups except the Japanese Communist Party, has drafted an interim report on the party organization.

The report, which will be presented to the action committee on Thursday, proposes that permanent foreign residents in Japan should be accepted into the party as formal members or supporters, the officials said. Whether they should be given voting rights in the election of the party head will be decided later, the draft report said. Party members will be required to pay an annual 3,000 yen membership fee, it said. The party head will be elected at a party congress for a two-year term, although the first chief will be chosen in a different way.

One of the remaining questions for the new grouping is how to check the enormous power of the party head, who will have the right to appoint and dismiss the party secretary general and other members of an executive conference, the officials said.

Koken Nosaka Seen as 'Tough Machiavellist'

942A0632A Tokyo SENTAKU in Japanese Aug 94 pp 56-57

[Unattributed article: "'Tough Schemer' Koken Nosaka"]

[FBIS Translated Text] The scene was the cabinet-formation headquarters operating in the Prime Minister's Residence in the evening of 30 June. The first words uttered by new Prime Minister Tomiichi Murayama were: "I cannot function properly unless Nosaka is at my side."

Murayama's first personnel move was to appoint right-hand man and the then Diet Policy Committee Chairman Koken Nosaka of Social Democratic Party of Japan [SDPJ] as chief cabinet secretary. Nosaka was promptly summoned to the cabinet members formation headquarters. However, he flatly rejected the offer by responding, "I have no confidence in my physical condition. I cannot handle the heavy duties of a chief cabinet secretary."

He will be 70 years old next month. He was born six months after Murayama, but the latter looks younger. He once suffered from a light case of cerebral infarction, walks with a slight limp, projects the appearance of an aged man; therefore, he must have thought that he would not be able to maintain an image appropriate for a cabinet spokesman. Arrangements were made to make Kozo Igarashi chief cabinet secretary and to appoint Nosaka as minister of construction.

Unexpected personalities have appeared on the scene with great fanfare in the midst of confusion. In the past year, they included Sakigake [Harbinger] President and Minister of Finance Masayoshi Takemura among conservatives and Prime Minister Murayama among reformists. And each has been accompanied by a well-known adviser. In the case of Takemura, it is Shusei Tanaka, Sakigake acting president, and in the case of Murayama, it is Nosaka.

He was initially elected to the Diet from the Tottori prefecture-wide district in 1972 and is a seventh termer. Contemporaries include Murayama, former SDPJ Chairman Sadao Yamahana, Democratic Socialist Party [DSP] Chairman Takashi Yonezawa, and DSP Secretary General Kansei Nakano. Contemporaries also included Komeito Secretary General Yuichi Ichikawa, Shinto Mirai President Michihiko Kano, and former Deputy Prime Minister Masaharu Gotoda.

Nosaka was graduated from the Hosei University Professional School and was initially employed as a salaryman at Nippon Express's Yonego branch where he engaged in union activities, served four terms as a prefectural legislator, and was inconspicuous after joining the ranks of national politics. But within the party, he was considered a "dyed-in-the-wool leftist." He was a "tough Machiavellist" who makes a skilful distinction between principle and pragmatism," and has always exercised considerable influence among ruling and opposition party zoku members of Diet Policy Commission. Within the SDPJ, he began plotting from some time back with the awareness that "Murayama would eventually become prime minister." Impressions prevail that portray Nosaka at Murayama's side at all times, that Murayama acted faithfully according to the script dictated by Nosaka, and that Murayama finally climbed to the top of the political world.

About 0200, on 29 June [1994], the day on which the election for prime minister was held, there was an episode in which SDPJ two-term Diet members surrounded Murayama and uniformly encouraged him to "make the decision" to declare himself a candidate for prime minister. The group included Satoru Ishii of the 2nd Mie district, Tomiko Okazaki of the 1st Miyagi district, and Mamoru Kobayashi of the 1st Tochigi district. Nosaka, who was sitting nearby, suddenly shouted as if overwhelmed by emotion, "I feel very fortunate in having so many wonderful young associates. If we should win control of the government, you'll all become parliamentary vice ministers." On 1 July, during the formation of cabinet ministers meeting that followed, 23 parliamentary vice ministers were appointed.

As Nosaka predicted, three individuals were appointed as parliamentary vice ministers; i.e., Ishii for finance, Okazaki for education, and Kobayashi for home affairs. Nosaka had prepared a roster of eight SDPJ parliamentary vice minister candidates.

If one were to view the events that led to that point, he would note that Nosaka's statements gained in perfection from about spring. At the same time, the Hosokawa administration began to face turmoil and Shinseito Secretary General Ichiro Ozawa's high-handed methods began to increase noticeably. Until then, Nosaka was favorably impressed with Ozawa and had identified some commonality with him in terms of frankness as he remarked, "Ozawa is an interesting man. He is businesslike. He resembles me very much."

Although the two argued frequently in a fiery manner on the partial opening of rice markets and the hiking of the consumption tax, they both recognized each others' capabilities.

However, in February when Ozawa launched a trial balloon on the National Welfare Tax concept and poised the coalition parties for an arbitrary reorganization of the cabinet, Nosaka assumed a stronger confrontational posture in saying, "Ozawa is too impetuous and I cannot agree with him."

At the end of April, when a controversy erupted over a parliamentary group "Kaishin" during the change in prime ministers from Hosokawa to Hata, Nosaka exploded in anger more than anyone else and firmly and uncompromisingly advocated abandonment of the coalition in saying, "The actions unequivocally point to a plot to dump the SDPJ. It is none other than a surprise stab in the dark."

Nosaka viewed the situation as the arrival of an opportune moment. Arguments for sticking with the coalition were voiced within the SDPJ by such individuals as rightist Secretary General Wataru Kubo, but Nosaka set the pace whereby party members unanimously and quickly abandoned the coalition before anyone noticed.

That phenomenon even led to sudden turmoil in the political situation. If the SDPJ had not broken away from the coalition, there would have been no Murayama government. Secession became a critical stepping stone. While the short tenure of the Hata cabinet was viewed as logical, the Nosaka script was being written.

The plan being formulated was the Grand Liberal Democratic Party [LDP]-SDPJ Concept. Communication with former Diet Affairs zoku such as former LDP Secretary General Seiroku Kajiyama was revived and progress was made in a strategy to recover government power by using the "anti-Ozawa" sentiment as a lever.

The strategy reached its peak on 24 June during the government consultations between the former coalition parties and the SDPJ. Nosaka suddenly made the firm statement, "We are not considering a continuation of a Hata government." Ozawa was horrified. Kubo was in attendance but said nothing. Kubo and his rightist group had acted in a manner designed to return to the coalition and continue with Hata government from the very beginning, and Ozawa was using that as a basis to work for the continuation of the administration, but Nosaka rejected that approach.

The political situation suddenly became tense. The situation represented a second Nosaka shock following secession. Ozawa and his associates were forced to revamp their strategy. The question was, if a continuation of the Hata government was not acceptable, who should be nominated to succeed him?

As can be expected, questions erupted from rightist ranks of the SDPJ, such as at a Diet members' meeting where the question posed was, "Who originated the story about opposing a continuation of the Hata government?" In response, Nosaka retained complete composure as he said, "I am the responsible individual. The public will have difficulty in comprehending any resumption of office by a prime minister who has just resigned from the same position."

The reasoning is logical. Hata felt miserable. He was forced into the position of a minority-controlled government because of the SDPJ secession and attempted to solidify his political base by a mass resignation but was then warned by the SDPJ that he could not continue as the prime minister. The manipulator was always Nosaka. It was like being at Nosaka's mercy. He thought of dissolving the House of Representatives but was thwarted by Ozawa.

In retrospect, Nosaka created turmoil in the former coalition parties, managed to remove Hata, and replace him with Murayama. It is easy to understand why Murayama says, "I cannot function properly unless Nosaka is at my side."

"I was impressed by the momentum controlled by the leftist element of the SDPJ. The rightist element Kubo cannot deal effectively with Nosaka." These are the words of a former coalition party official, but rather than referring to rightist element momentum, it would be appropriate to say that the Murayama-Nosaka team triumphed in their shrewed ambition to win control of the government.

When asked for a characterization of the new government, Nosaka responded, "A dove government," but Murayama has rapidly abandoned all former dovish policies of the SDPJ. Murayama will eventually run into problems and that will be the time when Nosaka will face his third challenge.

The 70-year-old veteran Machiavellist is worthy of surveillance for future newsworthy developments.

* Construction Ministry Personnel Featured

942A0566A Tokyo KANKAI in Japanese Aug 94 pp 80-99

[Article by KANKAI editorial staff: "Ministry of Construction: Government Personnel Relations"]

[FBIS Translated Text] Administration of the construction industry is now in transition. Last year, a series of scandals on public works projects were exposed, damaging public trust on administration of the construction industry, the industry itself, and the political system as well. To prevent future scandals from occurring, the Ministry of Construction [MOC] is carrying out reform in earnest.

Reform is focused mainly on revision of the system of bidding and awarding contracts. In December 1993, the MOC received a proposal, titled "On Reform of the System of Bidding and Awarding Contracts for Public Works Projects," from the Central Council on Construction Contracting Business. The ministry has been studying how to incorporate this proposal accurately in its administration of order placement and the construction industry and is planning to make a public announcement on this decision in the near future. In the public announcement, the MOC is expected to detail its plan to make the process of bidding and awarding contracts transparent by changing its administration of large-scale public works projects from the existing system of tender by specified bidders to a system of competitive bidding with introduction of two new bidding methods—one is to call for bidders publicly, and the other to review requests for a specific public works project.

The MOC has also decided to stiffen its sanctions for scandals by revising the way suspension of business is ordered pursuant to the Law on Construction Business, and will incorporate this decision in its reform plan. For example, in the past, when a construction company became involved in illegal activities, such as dango [bid-rigging by collusion] or making contributions under the table, the MOC used to apply sanctions only when the company was found guilty in court. Also, in cases of dango in violation of the Antimonopoly Law, suspension of business or cancellation of a business license was rarely imposed. Now, instead, the MOC will order such a company to suspend business activities or cancel its business license as soon as the Fair Trade Commission [FTC] begins its on-the-spot investigation on the suspected dango.

In preparing for the 21st century, the MOC has already made a policy decision to create a pleasant living environment for the public to feel and enjoy the affluence and comfort by promoting improvements in housing and social infrastructure. To respond to public expectations, the ministry is making every effort to achieve various objectives contained in its Five-Year Plan—to improve rivers, roads, living quarters, sewer systems, parks, and so on—during this important period leading to the next century.

The MOC is planning to install a network of fiber optic cables with a total length of about 400,000 km nationwide by the end of 2010, by making use of highways, rivers, and sewage systems. Modifying its internally developed "CAB [cable box] system" that has been in use to bury electric wires underground, it is planning to develop a "new CAB system" that will be compact in size and less costly. Projected cost for installing this network of fiber optic cables is about 40 billion yen. As the MOC believes that the network will contribute greatly to creation of an advanced information society, it is considering this project to be a major item in its budget request for the next fiscal year.

It is also noteworthy that the MOC has begun to stress a symbiotic relationship with the environment in recent years. Its policy that the natural environment should be protected as much as possible in improving the social infrastructure is now well established throughout its bureaus, divisions, and local offices. Last December, the MOC created a "Forum on Beautification of Cities" in an attempt to create beautiful cities with good scenic and cultural flavors in preparing for the 21st century. This also shows the ministry's positive attitude toward the "symbiotic relationship with the environment."

The following sections introduce leading officials at the section-chief level and above who work at the MOC's headquarters. How the housing situation and the infrastructure will be improved, and to what extent a pleasant, safe, tasteful, and roomy living environment will be created—all depend on these individuals.

Minister, Vice Ministers, and Chief Engineer

In the Murayama coalition cabinet that came into being on 30 June [1994], Koken Nosaka, a lower house Dietman from the Social Democratic Party of Japan [SDPJ] (who has been elected seven times in the prefecture-wide constituency in Tottori Prefecture), became the MOC's minister. After graduating from Hosei University, he joined the Yonago branch office of Nippon Telecommunications Construction Company. Later, he served as chairman of the SDPJ's Tottori Headquarters, chairman of its prefectural council, and a four-time member of the prefectural assembly. In the 1972 general election, he was elected [as a member of the Diet] for the first time.

During the Hosokawa administration, he served as chairman of the leading parties' conference on tax reform, and received attention as to how he would deal with the issue of raising the rate for indirect tax. He also served as chairman of the All Japan Federation of Peasant Unions, and opposed strongly against the opening of the rice market [to imports] late last year.

As chairman of the SDPJ's Diet Administration Committee in Murayama's Executive Council, he participated in meetings to coordinate policies between Hata's leading party and the SDPJ, and announced that even if Prime Minister Hata resorted to voluntary action to effectuate his cabinet's resignation en masse, the SDPJ would not take any responsibility. This led to a breakdown of the policy conference.

He is close to Prime Minister Murayama. In recent formation of the "LDP, SDPJ, and Sakigake coalition government," he acted as one of leading actors in the making of Prime Minister Murayama, trying every day to persuade Chairman Murayama to become prime minister. He is currently working hard for early implementation of public works projects to boost the economy. He is receiving attention as to how he will be able to use his policymaking skills.

Parliamentary vice minister is Susumu Yanase from Sakigake [Harbinger] (who has been elected twice in the first district of Tochigi Prefecture). Yanase was born in 1950 in Utsunomiya City. Upon graduation from Tohoku University's Law Department, he joined the prefectural government in Tochigi. He worked as a lawyer and in the prefectural assembly. As a candidate from the LDP, he ran for a seat in the lower house election in 1990, and was elected for the first time. In 1993, he left the LDP with Masayoshi Takemura, current finance minister, and joined Sakigake. He worked as a member of the Standing Committee for House Management and as chief of Sakigake's Policy Bureau. He is a trustee for the prefectural symphony orchestra, and he hosted a successful concert of amateur orchestras at Suntory Hall. Also, during his time as a member of the prefectural assembly, he attracted attention by computerizing administrative functions at the prefectural government and presenting his "high-tech, high-touch plan."

Administrative vice minister is Shigeo Mochizuki (who graduated from Tokyo University's Law Department in 1959). Mochizuki was temporarily assigned to the Planning Office for Comprehensive Development of National Land in preparation for establishment of the National Land Agency [NLA]. When this agency was established, he became chief of its Public Relations Office, and launched the agency's monthly magazine, "People and National Land." He worked to improve the contents of the magazine and to create a new system for public relations activities.

At the MOC, Mochizuki was in charge of compiling the "White Paper on Construction" (annual publication) four times, gaining solid experience in this area. Then, he was transferred temporarily to Hyogo Prefecture as head of its Urban Housing Division. Because of his hard work, he was well liked by the governor and ended up working a total of three years at the division. He then returned to the MOC and worked as chief of the Accounting Section for two years, preparing the ministry's budget during the period of a budget squeeze on public works projects. While he was deputy chief of the Roads Bureau, he cooperated with the bureau chief and others in preparing the 10th Five-Year Plan for Road Improvements.

After his service as deputy chief of the Roads Bureau, he worked as chief of the Construction Economics Bureau and as chief of the Secretariat before landing in his current position. During his time as chief of the Secretariat, by cooperating with the then Administrative Vice Minister Toru Makino, he developed and streamlined a system that would generate comprehensive results in budget preparation and administration to improve the social infrastructure. He also advocated the need for serious efforts to develop local cities and their environs pursuant to the Key Local Cities Act (promulgated in 1992), promoting the 11th Five-Year Plan for Road Improvements (beginning in 1993), promoting projects on rivers that will become the nucleus for regional development and serve as a vitalizing force for the local regions, and developing policy measures for housing that will enable middle-income working people to own their own homes.

Since he became administrative vice minister, he has been asking the construction industry to rationalize its business activities and to establish a code of ethics. Also, he has been planning to carry out drastic reform based on the proposal, "On Reform of the System of Bidding and Awarding Contracts for Public Works Projects," which was presented last December by the Central Council on the Construction Industry.

Chief engineer is Haruho Fujii (who completed graduate studies in civil engineering at Tokyo University in 1962). During his two years and four months from July 1983 at the Planning Section's Office of Research on Road Economics, he worked on preparation and actual initiation of construction on eight large-scale projects, including a road crossing over Tokyo Bay, connecting roads to the center of the Tokyo metropolitan area, motorways in the northern part of the Kanto region. He is skilled in both speech and execution. Furthermore, he is good at maneuvering behind the scenes. He orchestrated preparation of the 11th Five-Year Plan for Road Improvements (covering fiscal years 1993 through 1997). The plan focuses on three major areas—daily life, local areas, and the environment—and aims to improve the road system from the viewpoint of workers.

The plan states "improvement of the quality of life" as its main objective for improving the road system; it focuses on "assurance of safety," "improvement of regional environment, including cultural and scenic," implementation of projects with a high level of transparency, efficiency, and reliability, and progress in overall improvement of high-quality technologies.

Minister's Secretariat

Chief secretary is Noborun Ban (who graduated from Tokyo University's Law Department in 1963). Ban landed in his current position after serving as chief of the Public Relations Office, chief of the City Bureau's City Policy Section, chief of the Roads Bureau's General Affairs Section, chief of the Secretariat's Personnel Section, councilor in charge of the Construction Economics Bureau, chief of the Construction Economics Bureau, and so on.

During his time as chief of the Local Welfare Section, he was involved in implementation of a proposal made by the Central Council on the Construction Industry and in creation of a central association of contractors for public works projects. Also, when the OECD (Organization for Economic Cooperation and Development) conducted a review of Japan's city policy in 1985, he, as chief of the City Policy Section, helped make arrangements for the review. The OECD's report pointed out that former agricultural villages were increasingly urbanized and that disorderly development of cities should be prevented. Later, Ban joined the City Planning Section, and with Kazuhiro Nakajima, councilor in charge of the City Bureau, and others, prepared a "Bill to improve communities" in cooperation with the Ministry of Agriculture and Fishery. The bill was submitted to the Diet and became law.

While chief of the Construction Economics Bureau, he asked Central Council on the Construction Industry to reexamine the ideal way of the construction industry. The council established three committees of specialists to study labor, productivity improvement, and the system of bidding and awarding contracts.

As immediate topics to be dealt with by the MOC, Ban proposed four areas: 1) to create a high-quality living space with a culturally rich and beautiful cityscape, incorporating regional ideas; 2) to protect and improve the nation's land by creating a basic structure for regional development through improving and developing a network of high-grade principal roads, and by creating a safe social infrastructure through improving and developing flood control facilities and so on; 3) to establish regional foundations that will support decentralization of power by improving and developing large-scale tunnels and bridges for community exchanges; 4) to create houses that will match the lifestyle of the 21st century by promoting more high-quality rental apartments for the middle class and residences suited for the elderly, and by promoting more residential areas that are equipped with various functional facilities for living, working, playing, and studying.

Councilor for General Affairs is Takeyuki Hara (who graduated from Tokyo University's Law Department in 1964). When Hara was working at the General Affairs Section of the Housing Bureau, the National Personnel Authority established a long-term study abroad program for administrative officers, and he was sent to a graduate school in the United States to study public administration for two years. During his time as chief of the Road Policy Section of the Road Bureau, he was involved in creating an organizational structure for the Second Telegraph and Telephone Corporation, materializing the excellent idea proposed by Taku Kajiwara (current governor of Gifu Prefecture).

Around that time, the MOC became involved in a project to bury electric wires underground. Hara designed a computer mapping system that would show at a glance such underground materials as gas pipes, electric wires, and telephone wires. He landed in his current position on 1 July after serving as chief of the Secretariat's Archives and Documents Section, deputy chief of the Land Agency's Land Bureau, and chief of the Land Bureau. While at the Land Bureau, he successfully implemented the "General Plan to Promote a Comprehensive Land Policy."

Inspector General is Shigeru Kowashi (who graduated from Tokyo University's Law Department in 1965). He landed on his current position in July 1994 after serving as chief of the Private Residential Land Guidance Office of the Planning Bureau's (now the Construction Economics Bureau) Residential Land Development Section, chief of the Planning Division of Ibaraki Prefecture, chief of the Road Bureau's Road Policy Section, chief of the Road General Affairs Section, chief of the Secretariat's Personnel Section, and councilor in charge of the Construction Economics Bureau. While he was chief of the Planning Division of Ibaraki Prefecture, Tsukuba City held a science exposition, and he was involved in improvement of the areas around this research and campus city.

Technical Councilor is Eisho Oda (completed graduate study at Kyoto University in 1967). He landed in his current position after serving as chief of the Planning Division of the MOC's Tohoku Regional Office, chief of the Earthquake Disaster Policy Measures Section of the NLA's Disaster Prevention Bureau, and chief of the International Section of the MOC's Construction Economics Bureau. During his time at the International Section, he asked the "Forum To Discuss Policies for International Cooperation in the Construction Sector" (chaired by former Foreign Minister Saburo Okita until his death in February 1993) to study the ideal form of international cooperation, and received a first proposal in 1992. In order to disseminate information on the construction sector to those countries that have their embassies in Tokyo, he is working to enrich the "International Forum on Construction" by inviting embassy attaches and councilors. He has been in his current position since July 1994.

Chief of the Personnel Section is Hidenori Itakura (who graduated from Tokyo University's Law Department in 1969). He landed in his current position after serving as chief of the Secretariat's Public Relations Section, chief of the Residential Land Development Section of the Construction Economics Bureau, chief of the Land Policy Section of the NLA's Land Bureau, and chief of the City General Affairs Section. During his time as chief of the Residential Land Development Section, he was involved in implementation of a new tax system to levy the same tax as that for residential land on agricultural land within city limits, which was devised as a result of a comprehensive review of land tax. For city planning purposes, the new tax system separates agricultural land that needs to be preserved and that needs to be used for housing, and through revision of the Law on Productive Fields, the agricultural land that needs to be preserved will become subject to the revised law.

Itakura was also involved in creating the Center for Use of Agricultural Land in Cities, a public corporation formed jointly by the MOC, the NLA, and the Ministry of Agriculture, Forestry, and Fisheries. The center was funded by eleven prefectures occupying three major metropolitan areas, the Housing and City Improvement Public Corporation, and the National Central Federation of Agricultural Cooperative Associations. It began operations as a public corporation with budget allocation in October 1991. For this type of policy measure to be effective, it is necessary to involve the national and prefectural governments in a cooperative effort and decide on improvements of related public facilities as one set in developing cities suitable for housing and residental land.

Later, he became chief of the Land Policy Section of the NLA'a Land Bureau, and was involved in development of land policies based on the national government's "general outline for developing comprehensive land policies."

Chief of the Archives and Documents Section is Masahiro Ishii (who graduated from Tokyo University's Law Department in 1969). For five years, from May 1986 through June 1991, Ishii served as councilor for the cabinet's Legislation Bureau and examined ordinances pertaining to the MOC and the NLA.

With regard to ordinances pertaining to the MOC, he 1) reviewed the City Planning Act and created a system of redistricting idle land for conversion and development use, 2) created a planning system for redistricting residential land for high-level use, 3) revised the Productive Fields Act, and 4) revised the Road Act and so on to build multilevel roads. With respect to the NLA, the Basic Law on Land was enacted.

As chief of the Private Housing Section of the Housing Bureau, he was involved in creating a new tax system to promote the rental business of high-quality apartments for families. After serving as chief of the River General Affairs Section, he landed on his current position in July 1994.

Chief of the Accounting Section is Noriyuki Kazaoka (who graduated from Literature Department of Tokyo University of Education in 1969). During his time as construction specialist at the Housing General Affairs Section of the Housing Bureau, he worked on ways to increase the budget for housing. Subsequently, as planning officer at the Accounting Section, he was involved in preparation of the MOC's budget for the fiscal 1986.

He landed in his current position after serving as chief of the NLA's Public Relations Office, chief of the Local Welfare Section of the MOC's Secretariat, investigator for the Secretariat in charge of labor issues, chief of the Construction Industry Section of the Construction Economics Bureau, and chief of the Road General Affairs Section of the Road Bureau.

At the Local Welfare Section, he dealt with two major issues: examining future prospect of the Economic Council in response to a proposal submitted by the Council on the Construction Industry, and improve management of public corporations.

In June 1991 when the MOC asked the Central Council on the Construction Industry to study the ideal shape of the construction industry, the Construction Industry Section acted as an executive office. The council created a committee of specialists, which in turn studied various issues concerning the construction industry, including personnel policies, how to make the industry attractive to young people, how the system of bidding and awarding contracts should be, how the industry should be in the future, and safety measures for construction projects.

Believing that it is necessary for healthy development of the construction industry to gain public trust, Kazaoka instructed the industry to avoid any conduct that may be in violation of the Antimonopoly Act. He also prepared standards for disposal of surplus soil and waste from construction sites, and promoted development and improvement of facilities to recycle waste.

Chief of the Local Welfare Section is Yuichi Masuda (who graduated from Tokyo University's Law Department in 1975). He landed in his current position after serving as planning officer at the Accounting Section.

Chief of the Public Relations Office is Yasuyoshi Sakurai (who graduated from Kyoto University's Law Department in 1975). He landed in his current position after serving as chief of the Labor and Materials Policy Office of the Construction Economics Bureau.

Chief of the Government Buildings and Repairs Division is Shinichi Terai (who graduated from Hokkaido University's Department of Architecture in 1963). He landed in his current position after serving as technical examiner for the Secretariat and chief of the Buildings and Repairs Division of the Hokkaido Development Agency's Hokkaido Development Bureau. For a total of seven years, as specialist, chief of the Planning Section, and chief of the Division at the Government Buildings and Repairs Division, he was deeply involved with the issue of market entry by foreign contractors, including such cases as the Second National Theater and the "Minato Mirai 21."

In the case of the International Convention Hall in Yokohama for "Minato Mirai 21," submission of designs and bids for the main hall was sought, based on the cabinet approval in May 1988 of "On the Japanese Government's Policy Measures Regarding Entry Opportunities and Related Issues for Large-Scale Public Works Projects." As a result, a design and construction company from the United States received an order—this became the first entry of a foreign firm into a project based on the special measures.

Also, in the case of the Second National Theater, a U.S. company that submitted an application for the international competition received an order for construction in August 1992. Construction began in October 1992 and is scheduled to be completed by February 1997. The "Opera City" and the business district in Hatsudai in the Shibuya Ward are being developed as a city redevelopment project by a joint venture of the government and private companies. Terai says, "It is epoch-making, because it is a project involving a foreign company and a city redevelopment project by a joint effort of the government and private companies."

Councilor in charge of the Government Buildings and Repairs Division is Akira Miyata (who graduated from Nippon University's Department of Architecture in 1965).

Chief of the Control Section is Chino Sakurai. Chief of the Buildings and Repairs Planning Section is Shitoshi Tamura. Chief of the Construction Section is Yoshiaki Hiraga (serving concurrently as chief of the Construction Preparation Office of the Prime Minister's Office). Chief of the Equipment Section is Yasuo Matsujima. Chief of the Supervising Section is Akiya Segawa.

The Construction Economics Bureau

Chief of the Construction Economics Bureau is Kunihisa Ono (who graduated from Tokyo University's Law Department in 1964). He landed in his current position after serving as chief of the Public Relations Office, chief of the Construction Industry Section, chief of Japan Highway Public Corporation's General Affairs Section, chief of the Secretariat's Accounting Section, and counselor in charge of the Construction Economics Bureau.

While chief of the Construction Industry Section, he created a "Research Forum on the Vision of the Construction Industry" in December 1984 as a private advisory organ for the chief of the Construction Economics Bureau, and compiled a report on the long-term vision for the future of the construction industry. He also successfully began various projects to improve administration of the construction industry, including implementation of a major reform to enable computers to check qualifications before issuing licenses for construction business.

During his time as chief of the Accounting Section, improvement of infrastructure relating to daily lives became a major issue, and Ono was actively involved in preparation of the MOC's budget. He is a man of decision and execution.

Councilors in charge of the Construction Economics Bureau are Tateyuki Igarashi (who graduated from Tokyo University's Law Department in 1967) and Osamu Fujita (who graduated from Tokyo University's Law Department in 1967). Igarashi landed in his current position after serving as chief of the Public Relations Office, chief of the General Affairs Section at the MOC's Kinki Regional Office, chief of the Housing Development Section of the Construction Economics Bureau, chief of the Road General Affairs Section of the Road Bureau, and chief of the Archives and Documents Section. While chief of the Housing Development Section, he was involved in a project to increase a supply of residential land to prevent land prices from rising. He also dealt with such major policy measures as implementation of taxation at the same rate as for residential land on agricultural land within city limits.

While chief of the Road General Affairs Section, he studied the scale of road improvements and how to secure special funds and tax revenues in order to prepare the 11th Five-Year Plan for Road Improvements. He was also involved in a study on how to create "gentle roads" in preparation for the aging society.

Fujita became chief of the Realty Industry Section of the Construction Economics Bureau in June 1986, and worked to improve the quality of the industry by applying disciplinary actions and legal sanctions to those companies that violated the Residential Land and Buildings Trading Act pursuant to the existing "Long-Term Vision for the Realty Industry." Regarding the distribution system for real estates, he was involved in a project to change the existing organization made up of peers in the industry to an official distribution system through revision of the related law. The project is to create the new system continued after he was transferred to another section, and was completed in 1990. He landed on his current position in July 1994 after serving as chief of the General Affairs Section of the NLA's Major Metropolitan Areas Improvement Bureau, chief of the Accounting Section, and councilor in charge of the Planning and Adjustment Bureau.

Technical Supervisor is Hideyo Mitsuoka (who graduated from Tokyo University's Engineering Department in 1967). Mitsuoka landed in his current position after serving as chief of the Construction Office at the MOC's Shikoku and Chugoku Regional Offices, construction specialist at the Disaster Prevention Section of the River Bureau, and chief of the Secretariat's Policy Section. When he was working at the Izumo Construction Office of the MOC's Chugoku Regional Office (from June 1981 through November 1983), he was involved in a water-control project to dig a drainage canal to connect the Kai River, which was noted for violent floods, and the Kando River, and to build a dam in the upper stream of the river—he explained this project to local residents. For one year starting in July 1987, as construction specialist at the Disaster Prevention Section of the River Bureau, he worked to restore disaster-stricken areas in various prefectures. During his time from July 1991 as chief of the Water Resource Planning Section of the NLA's Water Resource Division, he worked on revision of the "Basic Plan for Water Resource Development."

Chief of the General Affairs Section is Kazuo Okubo, who landed in his current position in July 1994 after serving as chief of the Water Resource Development Public Corporation's General Affairs Division.

Chief of the Adjustment Section is Hiroshi Hiraguchi (who graduated from Tokyo University's Law Department in 1977). While chief of the City Highway Public Corporation Control Office of the City Bureau, Hiraguchi decided to build highways in Kyoto by revising the Osaka-Kobe Highway Public Corporation Act. In cooperation with Kyoto Prefecture and Kyoto City, it was decided to build a highway along the right bank of Yodo River, connecting Takatsuki and Osaka. A survey for this construction began in 1993.

The Adjustment Section has been involved in two issues—one is to review the system of land acquisition for public use, and the other is to study the ideal way to develop urban resorts at low cost so as to make the projects viable even during periods of distressed economic conditions. Regarding the former issue, it became necessary to review personnel development practices as well as the method and timing of acquisition negotiations, because the traditional way of acquiring land for public use was no longer popular among young people. Regarding the latter issue, as development of resorts was not progressing as planned following the end of the bubble economy, the section began to study development methods that would be viable even under a distressed economic condition.

Chief of the Investigation and Information Section is Masatsune Sakakibara (who graduated from Tokyo University's Law Department in 1974). He landed in his current position after serving as chief of the Public Relations Office.

Chief of the International Section is Asao Yamakawa (who graduated from Tokyo University's Engineering Department in 1970). When Yamakawa began working at the International Section in June last year, there were on-going problems of Japan-U.S. Talks on Construction and the Uruguay Round of GATT talks. He visited Geneva many times to negotiate on multilateral agreements, which came into fruition in substance last December. It is significant that rules have been made on market entry by foreign firms in the construction sector. Regarding aid to developing countries, Yamakawa says, "In addition to providing financial aid, I think Japan should provide 'visible aid' by having Japanese companies and their employees work together with local people on construction projects."

Chief of the Construction Machinery Section is Kyoji Imaoka (who graduated from Kyushu University's Engineering Department in 1967). In 1978, when Imaoka was chief of the River Adjustment Section of the Kanto Regional Office's River Division, there was a "major water shortage in Tokyo." Under the guidance of the then chief of the River Division, Hidenobu Takahide (current mayor of Yokohama City), he tided over the crisis by managing the dams.

He became chief of the Yatsuba Dam Construction Office in 1987, and concluded an agreement with local citizens 20 years after the initial decision to construct the dam.

When the embankment of Tama River collapsed and caused a disaster in 1974, Imaoka was working at the River Section of the Kanto Regional Office's River Division. Disaster victims formed an association and asked the government to pay for their damages. They also filed administrative litigation against the government for its responsibility over management of rivers. While investigating the cause for the disaster from technical angles, Imaoka prepared for the litigation in contact with the Ministry of Justice. He was involved in this case for three years.

During his time as a planning and investigation officer at the Kanto Regional Office's Planning Division, he decided to showcase a pavilion for the construction industry at the "Saitama Exhibition" in 1987 to make the general public aware of the importance and necessity of the construction industry. The pavilion was a success beyond expectation, drawing about 2 million visitors.

Chief of the Construction Industry Section is Makoto Taketoshi (who graduated from Tokyo University's Law Department in 1972). As deputy chief of the Construction Industry Section in 1985, Taketoshi participated in construction talks with the United States. On the day he assumed his current post in April 1993 after serving as chief of the Shikoku Regional Office's General Affairs Division, he announced that the construction minister "begins a study on introduction of general competition." Since then, he has been quite busy. The bidding system reform currently under study is the first in the 90-odd years since the system of tender by specified bidders was introduced pursuant to the Public Accounting Act enacted in 1900. The MOC is going to introduce a system of general competitive bidding for large-scale construction projects through reform, but it is also planning to introduce a public announcement system so as to increase competition and transparency. In the meantime, there was an issue surrounding Japan-U.S. construction talks. However, as an "action plan" was made in January 1994, this issue seems to have passed a critical stage.

Chief of the Construction Promotion Section is Kyoho Nohira. Hirotake Omi became chief of the Housing Development Section after serving as chief of the General Affairs Division of the Chubu Regional Office's Construction Bureau.

Chief of the Realty Industry Section is Masahiro Furuya (who graduated from Hokkaido University's Law Department in 1971). In December 1990, when Furuya was a housing planning officer at the Housing Bureau, he was involved tax reductions on housing loans (a major expansion of tax reduction measures), which continued to be carried out as in the previous year. This new tax system was introduced in conjunction with establishment of tax on land value, and it ran into difficulty at the beginning. Kawasaki [as published] carried out various requests to the Diet and negotiations with the Ministry of Finance. From 1990 through 1991, he was also involved in the issues of revising the Large City Act and the Housing Loan Corporation Act. During the recent ordinary session of the Diet, he submitted a bill on promotion of an increased supply of houses in large cities and a bill on real estate special joint ventures, and worked hard to have these bills enacted. The latter bill is to protect consumers who invest in real estates, such as acquiring the ownership interest in the floor space of a building and earning income from renting the space.

The City Bureau

Chief of the City Bureau is Shigeo Kondo (who graduated from Tokyo University's Law Department in 1965). Kondo studied in England, and landed on his current position in July 1994 after serving as chief of the Public Relations Office, chief of the Local Welfare Section, chief of the City Redevelopment Section of the City Bureau, chief of the Secretariat's Policy Section, chief of the Accounting Section, and deputy chief of the Road Bureau.

During his time as chief of the Secretariat's Policy Section, in cooperation with the Construction Economics Bureau and the Housing Bureau, Kondo was involved in revising the Land Tax System, including taxation at the same rate as residential land on agricultural land within city limits, introduction of tax on land value, revision of the inheritance tax, and special tax measures for developing private residential land. When he became chief of the Accounting Section, he was involved in preparation of the MOC's budget for the fiscal 1992. Owing to the government's basic policy to "focus on improvement of social infrastructure to create a nation with the highest living standards," he was able to increase the budget for public works projects to improve roads, rivers, city redevelopment, and sewer systems. Approved also was introduction of a "system of forward acquisition of land for public use," which enables lending for development of quality private residential land at interest rates lower than those for financial investment.

Councilors in charge of the City Bureau are Shozo Suzuki (who graduated from Tokyo University's Law Department in 1967) and Meisei Hattori (who graduated from Tokyo University's Department of Agriculture in 1964).

Suzuki landed on his current position after serving as chief of the MOC's Road Traffic Control Section, chief of the Road Policy Section, chief of the NLA's Land Policy Section, and chief of the City Housing Division in Hyogo Prefecture. Ryoichi Suzuki, former chief of the National Police Agency, is his elder brother. (Suzuki serves concurrently as chief of the City Policy Section.)

In 1977, Hattori was transferred temporarily to Chiba Prefecture as chief clerk of its City Planning Section, and was involved in a project to develop a resort in Hasunuma City along the Kujukuri Coast. With creation of the third sector's "General Plan for Improving Recreation-Oriented Cities," the project was designated as comprehensive regional development, involving construction of recreational facilities, hotels and other boarding facilities, and parks. It shares common objectives with the "Comprehensive Health Resort Improvement Act" (the so-called Resort Act), which was enacted during the Nakasone administration era in May 1987.

In 1985 when Otsu City in Shiga Prefecture adopted a system of employing two assistant mayors, Hattori became the first assistant mayor in charge of the Construction Division. He was involved in construction of Kosai Road as an extention of the Nishi-Otsu Bypass and construction of Japan Highway Public Corporation's Keiji bypass. While negotiating with local citizens for their relocation as construction of a dam in Oto River would sink their residences under water, he also conducted numerous negotiations with the MOC and Japan Highway Public Corporation.

In 1987, he planned a summer festival with the catch phrase, "Otsu—Biwa Lake Sings, Dances, and Sparkles." He formed an executive committee with Mayor Tomisaburo Yamada as its chairman and himself as its vice chairman. He began preparation for the festival six months in advance, involving all city employees to paste posters and collect contributions. The festival was a success. Subsequently, from February 1988 through May 1991, Hattori served as chief of the Flower Show Promotion Office, which was created within the Parks and Forests Section of the City Bureau, and opened such a show for the first time with exhibits from all prefectures and specially designated cities.

While he was assistant mayor of Otsu City, he began writing a doctoral dissertation based on the results of various surveys conducted in conjunction with building a public health center for city residents. In March 1989, he submitted his "Study on Becoming Healthy" to the School of Public Hygiene at Gifu University's Department of Medicine. His dissertation examined the difference in the emission level of alpha waves between the people in a green environment and those on a road or in a room, and showed that, in a state of wakefulness, people in a green environment emitted more alpha waves than the other group, indicating that the green environment gives people a sense of restfulness and pleasure. On the other hand, people did not emit alpha waves when they were walking on the street or staying in a room. The School of Hygiene accepted this dissertation and conferred on Hattori the degree of Doctor of Medicine. Hattori is planning to study what kinds of workings in such sensors as vision, hearing, and smell would produce alpha waves, and is now looking for a sponsor to fund his study.

Technical Councilor in charge of the City Bureau is Koichi Shimoda (who completed a graduate study at Tokyo University's Department of Civil Engineering in 1965). Shimoda served as assistant mayor of Hiroshima City for two years from July 1990, working on a project to improve the infrastructure for the Asian Games to be held this year, and making plans so that the project would not lose momentum after the Games. For the latter, it was decided to build an underground market in Kamiya City, a busy shopping district, with creation of a third sector.

When Shimoda was assistant mayor, structural materials collapsed during construction of a new traffic system, killing 10 people. He led an investigation team to find out the cause of the accident, and introduced measures to prevent similar accidents from happening in the future.

Chief of the City General Affairs Section is Shin Misawa, who landed in his current position in July 1994 after serving as chief of the Planning and Adjustment Division of the City Improvement Public Corporation. (He serves concurrently as chief of the City Highway Public Corporation's Control Office.)

Chief of the City Planning Section is Eiichi Sawai (who graduated from Tokyo University's Law Department in 1971). When Sawai became chief of the Construction

Economics Bureau's Labor and Materials Policy Office, which was newly created due to labor shortage, he worked hard to make the construction industry attractive to young people. The labor policy is also stressed by the construction industry, and therefore it is being dealt with by both public and private entities.

Because securing land for public use is important for accomplishing the basic plan for public investment, Sawai became involved in policy issues relating to land for public use and participated in preparation of a bill to revise the Government-owned Land Expansion Promotion Act. Before the opening of the "UN Conference on Environment and Development" (Earth summit) in June 1992, he worked at the Secretariat's Policy Section, compiling the MOC's environmental policies for the summit.

Chief of the City Redevelopment Section is Kenichi Ogasawara, who came to his current position after serving as chief of the Kanto Regional Office's Public Land Division.

Chief of the Streets Section is Yoshihisa Tamemizu (who graduated from Tokyo University's Department of Engineering in 1966). Ever since he joined the MOC, Tamemizu has been involved mainly in developing and improving cities. When he was chief of the City Planning Section of Toyama Prefecture, a fire broke out in a shopping district in Fukumitsu City in April 1979 and created a major disaster due to a foehn phenomenon. After the fire, opinions were divided between restoration and redevelopment. Tamemizu voted for redevelopment. He readjusted lots and created a modern city.

He came to his current position after serving as chief of the Construction Bureau of Funabashi City in Chiba Prefecture, assistant mayor of Hamamatsu City, and so on. While assistant mayor of Hamamatsu City (from 1987 through 1990), he became involved in a project to redevelop the area in front of Hamamatsu Station, and made a plan to construct an "Act City," a 210-meter-tall building complex with hotels, convention halls, and office buildings. After he completed land acquisition, competitive bidding for the project, and selection of a contractor (in June 1990), he was transferred to another position. Now, the project is complete. Tamemizu says that whenever he passes the site in a bullet train, he remembers those days when he was working on the project.

Chief of the Lot Adjustment Section is Ichiro Ozawa, who came to his current position after serving as deputy chief of the City Redevelopment Division of Housing and City Improvement Public Corporation.

Chief of the Parks and Forests Section is Hideaki Ito, who came to his current position after serving as chief of the City Forests Policy Office of the City Bureau.

Chief of the Sewer System Division is Daigo Matsui (who graduated from Kyushu University's Department of Civil Engineering in 1964). Matsui has specialized in sewer systems. He came to his current position in October 1992 after serving as construction specialist at the Sewer System Planning Section, chief of the Technical Development Division of the Japan Sewer System Industry Association's Headquarters for Technology Development Training, chief of the Civil Engineering Institute's Sewer System Division, and chief of the Public Sewer System Section of the City Bureau's Sewer System Division.

While he was construction specialist at the Sewer System Planning Section of the Sewer System Division for about two years from June 1984, he was involved in planning for introduction of leading-edge technologies for sewage treatment for the Sixth Five-Year Plan To Improve Sewer Systems. Under the leadership of the then Vice Minister Hidenobu Takahide (currently mayor of Yokohama City), the MOC decided to promote development of new technologies for sewage treatment in its "Bio Focus Project" along with development of robotics for the construction industry. Matsui worked on this pioneering project to develop new technologies as deputy chief of the Japan Sewer System Industry Association's Planning Division from May 1986 through April 1987, as chief of the Technology Development Division at the Association's Headquarters for Technology Development Training for another year and two months, and as chief of the Sewer System Division of the MOC's Civil Engineering Institute from June 1988 through April 1990. Results of his work were incorporated into the "Seventh Five-Year Plan To Improve Sewer Systems," beginning in 1991.

Development of new technologies has significant benefits. By developing technologies that enable efficient sewage treatment at a small sewage treatment facility with application of biotechnology, construction costs for such a sewage treatment facility will be reduced substantially.

Currently, an objective is to establish a control system by the 21st century that will recycle sewage produced by 120 million people. For the time being, based on the Y430 trillion public investment plan, they are trying to increase to 70 percent the ratio of households with access to sewer systems.

Chief of the Sewer System Planning Section is Kimio Kurabayashi (who graduated from Tokyo University's Law Department in 1977). Kurabayashi worked at the Planning and Promotion Division in Kyoto Prefecture for three years from July 1990 and was involved in land-use control, including restrictions on development of golf courses, comprehensive planning, and development of depopulated areas.

He served as a planning officer at the Secretariat's Accounting Office in 1987 and was involved in various issues associated with a large increase—a 20-percent rise from the previous negative ceiling—in the budget for public works projects. Looking back, he says, "The effect of the large increase in the budget for public works projects was quite significant." Later, he became chief of the NLA's Public Relations Office.

Chief of the Pubic Sewer System Section is Tokuji Yasunaka (who completed graduate study at Tokyo University's Department of Civil Engineering in 1967). For 17 of the 27 years since he joined the ministry, Yasunaka worked at the Civil Engineering Institute. He came to his current position after serving as chief of the institute's Sewer System Division.

He studied in the United States for one year in 1973. After serving as an assistant to the chief of the MOC's River Basin Sewer System Section, he was transferred temporarily to Okayama Prefecture as chief of its Sewer System Section and was involved in acquiring land to be used for a sewage treatment facility. Seven years after this acquisition drive began, Yasunaka tried to impose the Compulsory Purchase of Land Act. About 650 people opposed this action. As a result, it took another two years to resolve the issue.

When Yasunaka joined the Public Sewer System Section, the Japanese Government began to receive strong requests from Bangkok, Jakarta, Lima in Peru, and other developing countries: "We have severe degradation of water quality in our rivers and bays. We need your help in improving our sewer systems." With budgetary assistance from the International Section, Yasunaka began to prepare a manual on how Japan should take part in improving the sewer systems in developing countries. Incidentally, his successors continued working on this manual and completed it in 1992.

The regions in Japan that lack sewer systems are mainly in and around agricultural, mountainous, and fishing villages, where approximately 60 million people live. Yasunaka says that he will install sewer systems, joint sewage disposal facilities, or community drainage systems with technologies that would match regional characteristics, by studying the technical aspect of how to improve sewer systems in inefficient and financially weak regions, and by asking concerted efforts of the people specialized in sewer systems.

Chief of the Basin Sewer System Section is Isao Dodo (who completed graduate study at Hiroshima University in 1968). Dodo first became involved in a project relating to sewer systems in 1969. Two years later, in 1971, the Sewer System Division was established, and he was transferred to its Sewer System Planning Section. In 1972 the Japan Sewer System Business Center was created and he was transferred to the center in December of the same year. In September 1975 when the Residential Land Development Public Corporation was created, he was transferred to its Construction Section and was involved in residential land development, adjustment ponds, and road improvements. He tends to have affiliation with newly created organizations.

At the Residential Land Development Public Corporation, he was involved in negotiations to acquire land to be used for "Mori no Sato" in Atsugi City, Chiba New Town, Ryugasaki New Town in Ibaraki Prefecture, and Najio New Town in Takarazuka City in Hyogo Prefecture. As these developments are quite popular now, he says he is deeply moved.

He served as chief of the Sewer System Section in Kyoto Prefecture from 1985 through 1989 and gained experience in the entire process from planning for a sewer system to approval, negotiations for land acquisition, and construction. Looking back, he says he learned a great deal from this experience.

The River Bureau

Chief of the River Bureau is Takashi Toyoda (who graduated from Kyoto University's Department of Civil Engineering in 1962). He served as chief of the Secretariat's Technology Survey Section from January 1986 through April 1988. That was the time when frictions over the construction sector began to surface between Japan and the United States. Toyoda attended a meeting in Washington, D.C., and discussed the issues thoroughly with the U.S. side. As a result, the issues were finally resolved. For a year and five months beginning in April 1988, he served as chief of the Kinki Regional Office's Planning Division. He came to his current position after serving as chief of the Development Section of the River Bureau, technical councilor, chief of the Chugoku Regional Office. He is currently involved in improving water control facilities by carrying out various five-year plans, including the Eighth Five-Year Plan for Water Control Projects and the Third Five-Year Plan for Projects To Prevent Landslides on Steeply Sloped Land; in securing water resources systematically; in promoting measures to prevent those disasters occurred in 1993 from happening again; in improving water quality of severely contaminated rivers, lakes, and ponds by applying various measures, including the Clear Stream Renaissance 21; and in promoting regional development that will utilize the space around water by expanding the Old Country River Model Project.

Deputy chief of the River bureau is Hidebumi Fukuda (who graduated from Tokyo University's Law Department in 1967). He came to his current position in July 1994 after serving as chief of the Secretariat's Personnel Section.

Chief of the River General Affairs Section is Masaaki Tanaka, who came to his current position after serving as chief of the Kanto Regional Office's General Affairs Division.

Chief of the Water Policy Section is Kunihiko Matsui (who graduated from Hokkaido University's Law Department in 1971). From April 1981 through September 1983, Matsui was transferred temporarily to the Provisional Committee on Policy Research (the so-called Second Provisional Committee) as its research officer and was involved in preparation of a proposal to freeze some public works projects, including part of the plan to build a bridge connecting Honshu and Shikoku so as to comply with the policy of "financial reconstruction without tax increases."

For three years from 1983, he was transferred temporarily to Hyogo Prefecture as chief of the Policy Section of its City Housing Division, and was involved in city and housing policy issues. There, he was involved in promulgation of the "Scenic Ordinance in Hyogo Prefecture," the second such ordinance in the nation, following a scenic ordinance for Lake Biwa. This ordinance calls mainly for attention to colors to create a pleasant city environment.

In 1986, Matsui became a technical officer in charge of budget at the River General Affairs Section of the River Bureau, and was involved in preparation of the Seventh Five-Year Plan for Water Control Projects (covering 1987 through 1991). Currently, he is also working to restore clean streams by asking electric power companies and the Ministry of International Trade and Industry to discharge more water to those rivers that have seen reduction in their water levels due to hydroelectric power generation. As a result of this request, water rights for power generation at about 100 hydroelectric power generation plants nationwide have been renewed, and clear streams have been restored in rivers around these plants, the length totaling about 1300 kilometers (about 3.5 times the length of Shinano River's main stream). Matsui is now trying to restore clear streams in rivers with reduced water levels around about 400 hydroelectric power generation plants.

Chief of the River Planning Section is Masashi Waki (who graduated from Tokyo University's Engineering Department in 1967). He came to his current position after serving as chief of the National Highway Second Section of the Road Bureau. In the summer of 1992 when he was chief of the Kanto Regional Office's River Division, he conducted a final on-the-spot survey of the land to be used for construction of Yanba Dam, a long pending issue.

While he was chief of the City River Office of the River Bureau (from 1990 through 1992), he created a Technology Association for Collecting and Filtering Rainwater, a public corporation, to spread the technology to recycle rainwater.

Chief of the Water Control Section is Toshiro Yamada (who graduated from Tokyo University's Department of Civil Engineering in 1966). He mainly worked at the Tohoku Regional Office, the Kanto Regional Office, and the River Bureau. While he was chief of the River Environment Policy Office of the River Planning Section for about a year beginning in May 1989, he was involved in preparation of a basic plan for river environment control for the first-class rivers nationwide. He came to his current position after serving as chief of the Disaster Policy Section of the NLA's Disaster Prevention Division and so on. At the Water Control Section, he says he wants to improve the standards for improving water control by gaining public understanding: "Regrettably, it is true that water control has low standards. This has a relation to those disasters that occurred in various regions in 1993." He is also planning to carry out public relations campaigns to show the results of water control projects, to encourage people to participate in water control activities in their own regions, and to improve the natural quality and appearance of rivers.

Chief of the Development Section is Toshiki Aoyama, who came to his current position in July 1994 after serving as chief of the Chubu Regional Office's Planning Division.

Chief of the Seashore Section is Takeshi Kawakami (who graduated from Hokkaido University's Department of Civil Engineering in 1970). He came to his current position after serving as an ocean development officer, and is currently involved in two projects, the "Shore Renewal Project" and the "Barrier Island Improvement Plan." The first project is to improve seashores by using surface protection methods, such as artificial reefs, embankment with gradual slopes, and headland engineering techniques. It attempts to restore wide sand beaches where people can enjoy and relax. The second plan is an attempt to prevent disasters near the beach and to create a pleasant water-front environment by constructing structures off the coast. From now on, ocean projects must go beyond satisfying functional needs. Kawakami says, "There are many living creatures along seashores. People are strongly interested in natural environments. It is our important mission to take into full account of these natural environments and to create seashore environments that will be well liked and used by people."

In 1974 when Kawakami was working at the Tohoku Regional Office, Mamuro River, a tributary of Mogami River, flooded due to torrential rain with precipitation close to 100 millimeters per hour. The water level went beyond the upper limit, causing a major flood. Kawakami had first-hand experience in the danger of rain. Also, during his time at the construction office at Kitakami River's downstream, he experienced an earthquake off the coast of Miyagi Prefecture. He gathered all the employees at the construction office and took a leadership role in surveying the damaged embankment and in deciding on which restoration techniques to be used.

Chief of the Disaster Prevention Section of the River Bureau is Hoyu Kakehi (who completed graduate study at Kyoto University in 1968). During his time at the Chiba National Highway Construction Office of the Kanto Regional Office (from April 1974 through april 1977), residents at the Chigusadai Housing Complex in Chiba City filed a lawsuit over exhaust fumes and noise from automobiles from National Highway Number 16 and from the third construction project (eight lanes) on the Tokyo-Chiba Highway. Although the issue was settled out of court with construction of protective walls along the highways, Kakehi worked hard to reach the settlement.

Also, when a plan was made to build Tokyo Bay Highway and East Kanto Highway by draining water from the southeast section of "Yazu Dry Beach" in Narashino City, Kakehi became involved in negotiations with local citizens and nature conservation groups that were against the plan. As a result, a compromise was reached—to build a waterway to the dry beach and a buffer zone. Later, owing to local citizens' cleanup activities and an increasing public interest in preserving the area, the "Yazu Dry Beach" was designated as a national wildlife preserve under the Environment Agency's jurisdiction, and improvement of the surrounding area was carried out.

In October 1985 when he was chief of the Kanto Regional Office's Tokyo National Highway Construction Office, electric wires and poles were taken down from the textile and sundry wholesale district in Nihonbashi, Tokyo, and they were buried underground in cable boxes (CAB) developed by the MOC. This was the first case of underground electric wires using the CAB system, followed by a series of similar projects nationwide.

Beginning in fiscal 1994, the Disaster Prevention Section is planning for improvement in restoration of a disaster area to prevent a similar disaster from happening again, and to build environmentally sensitive facilities in cooperation with each region.

Chief of the Erosion Control Division is Keiji Masuko (who graduated from Tottori University's Forestry Department in 1962). In 1977 when he was chief of the Tohoku Regional Office's Kamafusa Dam Control Office, Masuko was involved in devising measures to prevent entrophication in the dam, and he also worked on preparation of a national park plan. He became an environmental councilor at the Tohoku Regional Office in April 1982 and then a planning and research officer in April 1983, working on a plan to build a road network for the 21st century.

While he was chief of the Civil Engineering Office in Yamagata from 1984 through 1985, he firmed up a plan to expand National Highway Number 13 to four lanes, a plan to build a road that would be connected to Tohoku Central Highway, and a plan to make gradual improvements of Sugawa. In April 1986, he became a river environmental policy officer at the River Planning Section of the River Bureau, working on preparation of a river environment control plan, opening of the Tama River summit, and building the river front improvement center. He came to his current position after serving as chief of the Chugoku Regional Office's River Division and chief of the Civil Engineering Division in Fukushima Prefecture.

Chief of the Erosion Control Section is Shun Okubo (who graduated from Kyoto University's Department of Agriculture in 1965). Okubo is currently working on problems associating with the Fugengaku disaster at Mt. Unzen, which occurred three years ago on 3 June 1991 and is still causing avalanches of earth and rocks. As avalanches are likely to occur during the rainy season, the Kyushu Regional Office is busy working to prevent disasters in cooperation with Nagasaki Prefecture. A disastrous avalanche of earth and rocks occurred in southern Kyushu in 1993, but there are about 80,000 locations that are prone to such disasters. Okubo says, "I would like to install preventive measures at these dangerous locations as soon as possible. Also, I want to focus on symbiotic relationships with natural environments in implementing measures to prevent avalanches of earth and rocks."

Chief of the Sloped Land Safety Section is Katsumi Seo (who graduated from Kyoto University's Department of Agriculture in 1966). In 1981 when he was assistant chief of the Sloped Land Safety Section of the River Bureau, he visited Indonesia on assignment for 20 days. During his visit, a landslide occurred and killed about 500 people. He was requested to prepare a restoration plan for the disaster. He returned to Japan for a brief stay, and then went back to Indonesia to stay there for about fifty days to complete the project.

In April 1985, he became chief of the Tohoku Regional Office's Shinsho Construction Office, and invited the International Landslide Academy to hold a meeting in Shinsho City. About 100 people attended the meeting—about half of them were from foreign countries. The city mayor and others welcomed the participants, holding sightseeing tours and friendship parties for personal exchanges with local citizens. When Seo became a river research officer at the Tohoku Regional Office on 5 August 1986, localized torrential downpours broke dikes in five areas under his jurisdiction, washing some houses away and flooding other houses above the floor level. Thus, he began his new post with busy schedules, and kept busy himself until the end of the year.

In three years after he became chief of the Erosion Control Section in Niigata Prefecture in April 1990, he built a "landslide reference library," the first such library in Japan. He says he chose Niigata for the library because there are heavy snowfalls and landslides in the prefecture—Niigata is at the forefront in dealing with such disasters. The library provides materials that are easy and fun for the general public to learn about construction and survey techniques to prevent landslides. Nationwide, there are about 110,000 places that are prone to collapses of steeply sloped land, landslides, and avalanches of snow. In 1993, there were collapses in about 1,300 places, three times the average for the recent five years. Seo is working to achieve a plan to raise the ratio of well-maintained dangerous places from 22 percent as of the end of March 1993 to 30 percent during the period for the "Third Five-Year Plan for Projects to Prevent Collapses at Steeply Sloped Land" covering the fiscal years 1993 through 1997.

The Road Bureau

Chief of the Road Bureau is Hiroyuki Fujikawa (who graduated from Kyoto University's Graduate School of Civil Engineering in 1964). Fujikawa came to his current position after serving as a construction specialist at the River Bureau's Planning Section, an adjustment officer for road projects, chief of the Road Economic Research Office, chief of the Hokuriku Regional Office's Planning Division, chief of the Road Bureau's Planning Section, and chief of the Kyushu Regional Construction Bureau. While he was chief of the Road Economic Research Office, he was involved in preparation of construction of a road to cross over Tokyo Bay.

Fujikawa is currently working on systematic implementation of various policies contained in the "11th Five-Year Plan for Road Improvement" (covering fiscal years 1993 through 1997), such as "making roads that support the affluence of the workers," "making roads to create better environments," and "making roads to create communities with vitality." He says, "I would like to focus my attention on the workers and aim at 'people-oriented roadmaking' so that the people will be able to feel their affluence. I am also planning to promote systematic road improvements, including roads in cities, towns, and villages as well as high-standard principal highways."

Deputy chief of the Road Bureau is Hiroo Kinoshita (who graduated from Kyoto University's Department of Agricultural Economics in 1967). For four years and four months from April 1984, Kinoshita was assigned to Kyoto City, serving as chief of the Planning Division during the first half of the assignment and as assistant mayor in the second half. During that time, the Buddhist Association opposed a cooperative tax to preserve the ancient city of Kyoto, and some temples closed their gates in protest. In response, Kinoshita and others revised the provision of the ordinance dealing with this tax in March 1988. Also, he prepared a "Basic Plan for Kyoto City" that imposes height limitations on buildings for scenic reasons.

For about two years from August 1989, he served as chief of the Construction Industry Section of the MOC's Construction Economics Bureau and became involved in Japan-U.S. construction talks, making several trips between Washington, D.C., and Tokyo. This issue was resolved finally in June 1991 with a promise to create an environment that makes it easier for foreign firms to participate in major projects. Fujikawa came to his current position after serving as chief of the Secretariat's Accounting Section.

Masateru Kuroda (who graduated from Kyoto University's Economics Department in 1967), a control officer at Japan Highway Public Corporation's Honshu-Shikoku Connecting Bridge Public Corporation, came to his current position after serving as chief of the Control Section of the Government Buildings and Repairs Division.

Chief of the Road General Affairs Section is Ichiya Yoshii (who graduated from Tokyo University's Law Department in 1970). Yoshii came to his current position after serving as secretary to Construction Minister Yoshiaki Kibe, construction specialist at the Personnel Section, a planning officer at the Accounting Section, chief of the Secretariat's Public Relations Office, chief of the Road Policy Section, and so on.

Chief of the Road Policy Section is Nagao Ariga (who graduated from Tokyo University's Law Department in 1971), who worked previously as chief of the Road Traffic Control Section. Following the construction industry's collusion scandal (that occurred in Shizuoka Prefecture in 1981), Ariga served as deputy chief of the Construction Industry Section of the Planning Bureau (currently the Construction Economics Bureau), working on rationalization of the bidding system to modernize the construction industry and preparing a long-range vision for the industry. Subsequently, he was transferred back to the Construction Industry Section to work at an executive office for the Dispute Reconciliation Review Committee for three years.

In response to a request from the distribution industry and so on to relax the weight restriction on large trucks (currently limited to 20 tons), Ariga consulted and discussed the existing plan for bridges (the maximum weight limit is 20 tons) with the Ministry of Transport and the Police Agency.

Chief of the Road Traffic Control Section is Ippei Obori, who came to his current position after serving as chief of the Tohoku Regional Office's General Affairs Division.

Chief of the Planning Section is Nobuhiko Sato (who completed a graduate study on civil engineering at Tokyo University in 1967). Sato came to his current position after serving as chief of the Secretariat's Technical Survey Office, chief of the Chubu Regional Office's Road Division, and chief of the Toll Road Section of the Road Bureau. As the cost to construct toll roads is high due to the rising cost of land in recent years, an increase in toll charges is inevitable under the current system. The MOC, therefore, decided to make a thorough review of the toll road system for the future as well as the toll charges, and referred the matter to the Road Deliberation Council. Based on the Council's proposal, Sato worked on preparation of the "11th Five-Year Plan for Road Improvement."

Chief of the Toll Road Section is Yasutake Inoue (who graduated from Kushu University's Engineering Department in 1967).

Chief of the National Superhighway Section is Keiichi Inoue (who completed a graduate study on civil engineering at Tokyo University in 1969). Inoue was transferred temporarily to Yamanashi Prefecture as chief of its Civil Engineering Division's Road Construction Section, and was involved in construction of a road around the eastern section of the Fuji-goko lake district (a project under the jurisdiction of Japan Highway Public Corporation) in preparation for the "Kaiji Naitonal Athletic Meet." Subsequently, he became a construction specialist for the National Superhighway Section of the MOC's Road Bureau, working to incorporate in the Fourth Nationwide Comprehensive Development Plan a project to build high-grade principal roads in the length of 14,000 kilometers by the beginning of the 21st century. He was also involved in preparation of the "10th Five-Year Plan for Road Improvements" (covering fiscal years 1988 through 1992).

During his time at the Road Economics Research Office of the Road Bureau's Planning Section, he was involved in a project to compile the Road Deliberation Council's proposal, "Road Construction for a Comfortable Society—In Pursuit of an Affluent Lifestyle, Regional Vitality, and Pleasant Environment." The proposal focused on "construction of high-quality roads," paying attention to safety and environmental issues. It was incorporated in the "11th Five-Year Plan for Road Improvements."

Chief of the National Highway First Section is Seizo Tsuji (who graduated from Tokyo University's Engineering Department in 1966). While he was deputy chief of the Road Environment Policy Office of the Road Bureau's Planning Section, Tsuji was in charge of the technical aspects of a "Bill on Improvement of Areas along Principal Roads." This bill was to designate a principal road with extreme traffic noise as "roadside improvement," and to entice soundproof high-rise buildings along the roadside to reduce the noise felt by the people living nearby. It took two years to prepare the bill, which was eventually passed by the Diet in May 1980.

While he was a coordinator for road projects at the Planning Section, Tsuji worked on the final stage of the "10th Five-Year Plan for Road Improvements," trying hard to find a way to secure funds for road improvements under a tight budget.

Subsequently, he became chief of the Adjustment Section of the NLA's Planning and Adjustment Bureau when the Fourth National Comprehensive Development Plan was about to be reviewed, and worked on a project to inspect the operations of related ministries and to adjust overall public works projects. He is currently working on securing funds necessary to achieve the objective in the "11th Five-Year Road Improvement Plan" to improve a network of high-grade principal roads (to create a network of roads 14,000 kilometers long by the beginning of the 21st century). He is also working on "construction of high-quality roads" with attention to safety, environment, comfort, and charming appearance.

Chief of the National Highway Second Section is Kazutoku Yoshioka, who came to his current position after serving as chief of the Kyushu Regional Office's Planning Division.

Chief of the Local Road Section is Takeshi Yajima (who graduated from Tokyo University's Engineering Department in 1967). Yajima came to his current position after serving as chief of the District Adjustment Section of the City Bureau. Three times, he was in charge of planning the city road section of a five-year road improvement plan. Planning for city roads affects three sections—the District Adjustment Section, the City Redevelopment Section, and the City Road Section. In June last year, Yajima began to systematize a project to create residential areas with green areas. With funding from the general account, this project was launced in the current fiscal year. As district improvement projects used to be financed through special accounts for road improvements, it was quite unusual for this new project to be funded through the general account. At the end of March this year, Yajima issued circular notices on four areas—the tax system, standards for new technologies, decentralization, and collaboration with owners of agricultural land (agricultural cooperatives). Policies on these four areas will become a backbone for the new project.

The Housing Bureau

Chief of the Housing Bureau is Soichiro Umeno (who graduated from Tokyo University's Department of Architecture in 1964). While he was chief of the Urban District Construction Section of the Housing Bureau, Umeno worked on comprehensive revision of the Building Standards Act, and made a major revision of regulations on building structures.

He is flexible minded. During his college days, he was active in a swimming club. He came to his current position on 1 July after serving as councilor in charge of the Housing Bureau.

Councilor in charge of the Housing Bureau is Tadao Ogawa (who graduated from Tokyo University's Law Department in 1967). When he joined the MOC, Ogawa was assigned to the City Planning Section of the City Bureau. He says he learned a lot from his involvement in preparation of a city planning bill.

In June 1974 when the NLA was established, Ogawa was assigned temporarily as deputy chief of the Land Use Adjustment Section of the Agency's Land Bureau, and became involved in preparation of a land use planning bill. He came to his current position after serving as an inspector for the MOC's Secretariat, chief of the Sewer System Planning Section of the City Bureau's Sewer System Division, chief of the Private Housing Section, chief of the Housing Bureau's General Affairs Section, chief of the Secretariat's Archives and Documents Section, and councilor in charge of the City Bureau.

Head of the Housing and City Improvement Public Corporation is Shinji Kodaira (who graduated from Tokyo University's Law Department in 1968). From 1979 through 1982, Kodaira was at the Land Policy Section of the NLA's Land Bureau, and was involved in preparation of a bill on agriculture and housing use. The bill pertained to development of agricultural land in cities for housing through adjustment of land use between agriculture and housing so that agricultural land would be converted into land for housing while farming is continued. It became a law in November 1980.

During the year and a half when Kodaira was chief of the General Affairs Division of the Tokyo Expressway Public Corporation, a demand was voiced to increase toll charges for the expressway. Kodaira says, based on his experience learned from a toll charge increase in 1987, he carried out a public relations campaign for a year and a half, and was able to implement a toll increase smoothly after the consecutive holidays in May this year. He became involved also in devising measures to alleviate the often criticized traffic jams.

Chief of the Housing General Affairs Section is Makoto Fujita (who graduated from Kyoto University's Department of Agricultural Economics in 1970). Fujita came to his current position after serving as chief of the Private Housing Section. For three years from 1977, he served as chief of the Planning and Adjustment Section in Fukushima Prefecture, and examined the status of Fukushima Airport. Opinion on the airport was divided: One group thought it unnecessary to open a route directly connected to Tokyo because there was a plan to build a Tohoku Shinkansen line, and the other group thought it necessary to have the Tokyo route (Fukushima to Narita). Fujita decided not to have the route, and Fukushima Airport became the first regional airport without a Tokyo route. Later, the airports in Sendai and Yamagata also decided not to have a Tokyo route.

Chief of the Housing Policy Section is Shigetaro Yamamoto (who graduated from Tokyo University's Law Department in 1972). Ever since the Miyazawa cabinet proposed building a "nation with high living standards" and announced an idea that "people should be able to buy their homes with five times their annual salaries," people began to have a positive outlook on housing.

As if to respond to this trend, the Land and Housing Division of the Administrative Reform Promotion Headquarters proposed that "we need bigger houses," and that "regulations on investment on houses should be relaxed." The MOC established a "Headquarters for Comprehensive Promotion of Housing and Residential Land Measures," which is now studying how to deal with housing construction. The Housing and Residential Land Deliberation Council is also planning to compile its interim report on this issue by the end of this year. Based on the report, Yamamoto will work on preparation of the Seventh Five-Year Plan for Housing Construction (covering the fiscal years 1996 through 2000) until summer of next year.

Chief of the Private Housing Section is Takeshi Sakata (who graduated from Tokyo University's Law Department in 1971). Previously, he served as chief of the Public Corporation Second Section of the Ministry of Home Affairs. He also worked as chief of the General Affairs Division of the MOC's Kyushu Regional Office. He came to his current position in July 1994.

Chief of the Housing Construction Section is Tadashi Naka (who graduated from Tokyo University's Department of Architecture in 1968). Naka came to his current position after serving as chief of the Urban Construction Section, which provides financial and other assistance to such projects as urban redevelopment and promotion and improvement of high-grade buildings constructed for redevelopment. He worked primarily on development of high-quality urban districts.

Chief of the Housing Production Section is Takao Shamoto (who graduated from Tokyo University's Department of Urban Civil Engineering in 1968). Shamoto came to his current position after serving as chief of the Wooden House Promotion Office, a planning and development adjustment officer at the Construction Economics Bureau, and cd chief of Kita-Kyushu Construction Bureau.

Chief of the Construction Guidance Section is Yoji Hanyu (who graduated from Tokyo University's Department of Architecture in 1968). During his time at the Living Environment Measures and Improvement Office of the Urban Construction Section, Hanyu was involved in a project to review the "Special Measures Law on National Finance for Projects Specified as Regional Improvement Measures," and compiled a report in cooperation with the General Affairs Agency. While he was chief of the Construction Section in Nara Prefecture (from 1979 through 1982), houses in violation of law were increasingly built due to an influx of people from Osaka. As prefectural employees began to voice the need for tighter control, Hanyu established two specialized sections within his section to deal with those buildings in violation of law, providing guidance to correct the situation in earnest. He was able to see results through his forceful action to deal with these cases with noncompliance by threatening to impose provisional execution.

As the Building Standards Act was revised in July 1992 to permit construction of three-story wooden houses, the Construction Guidance Section has been involved in revising related ordinances.

Chief of the Urban Construction Section is Keiji Okamoto (who graduated from Tokyo University's Engineering Department in 1970).

North Korea

Kang Sok-chu's Geneva News Conference Reported

SK1910105394 Pyongyang KCNA in English 1037 GMT 19 Oct 94

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA)—Kang Sok-chu, first vice minister of foreign affairs, who headed the delegation of the Democratic

People's Republic of Korea at the second session of the third round of DPRK-U.S. talks called a press conference at the DPRK mission UN Geneva on October 17. He told the reporters:

The delegations of the DPRK and the United States had a constructive and sincere discussion on the questions for more than three weeks this time.

The talks took an exceptionally much time as it was an important talks to wrap up the talks of the first and second stages. [sentence as received]

By October 17, the two delegations had concluded the discussion of the questions and agreed upon a draft final document on the results of the talks.

In other words, we have reached a unanimity of view on a draft of the basic document of agreement for the overall solution of the nuclear issue on the Korean peninsula on the basis of the principles of the DPRK-U.S. joint statement published on June 11 last year and the DPRK-U.S. agreed statement dated August 12.

What remains to be done is for the two delegations to report the draft of the basic document of agreements to their governments and receive their endorsement. This work is under way now.

When the draft is endorsed by the governments the heads of the delegations will meet again on October 21 and sign the basic document of agreement, as initially agreed between the two delegations, and the talks will come to an end completely.

At the talks, we raised the removal of distrust between the DPRK and the United States as the most important question and focussed on its settlement.

The so called "nuclear issue" of the DPRK itself was an outcome of mutual distrust.

We have sincerely discussed concrete ways of completely removing the outside nuclear threat to the DPRK based on this distrust and finding a fair solution to the "nuclear issue."

The most important key points of the "nuclear issue" of the DPRK is to replace its graphite-moderated reactor system with a light water reactor [LWR] system.

If the graphite-moderated reactor system is replaced with the light-water reactor system, the so called "nuclear suspicion" could be totally removed.

The provision of LWRs is also a process of dispelling distrust between the DPRK and the U.S.

This time we also discussed the normalization of relations between the two countries, on of the crucial matters for dispelling distrust between them.

We believe that the normalization of the bilateral relations between the DPRK and the U.S. will contribute to the peace and security of the Korean peninsula, Asia, further, of the world.

Answering questions put by reporters, he expressed the belief that the agreement reached by the two delegations this time will make a contribution to changing the U.S. hostile policy toward the DPRK and removing the hostile relations between the two countries.

If the basic document of agreement is implemented faithfully, our "nuclear issue" would finally be resolved.

Memorial Services for Kim Il-song Held in ROK

SK1910101294 Pyongyang KCNA in English 1005 GMT 19 Oct 94

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA)—The Central Committee of the South Korean National Democratic Front (Hanminjon) published a communique on the solemn holding of the hundredth day memorial services for the great leader President Kim Il-song in Seoul and all other parts of South Korea, said the Seoul- based radio Voice of National Salvation.

According to the communique, the memorial services on the hundredth day after the death of President Kim Il-song were held solemnly in Seoul and all other parts of South Korea around October 15 in defiance of the brutal suppression by the "civilian" dictatorial group under the "new security-oriented rule".

The hundredth day memorial services were held in Seoul on October 15 by the Hanminjon Central Committee and from October 12 to 16 by the Seoul City Committee of Hanminjon and its organisations of different levels.

It was noted in an angry tone at the memorial services that the North-South joint memorial service had been strongly desired on the 100th day after the death of President Kim Il-song, but it failed to be held owing to the anti-ethical and anti-national moves of the "civilian" dictators. The determination was renewed to fight to sternly punish and overthrow the Kim Yong-sam group, a group of depraved fellows without an equal and a bandit of most vicious fascist maniacs.

Memorial services were held with solemnity by the "Committee for the Study of the Chuche Idea of Kim Il-song," the "Society for the Study of Kim Il-song's Works," the "Committee for the Study of Kim Chong-il's Works," the "Saeppyolhoe," the "Hyangilhoe" and many other organisations following the chuche idea, patriotic fighting organisations and people of all segments.

Many copies of literatures honoring the memory of President Kim Il-song on the 100th day after his death and praising and introducing his immortal feats were scattered in Seoul and other parts.

The literatures read "The death of President Kim Il-song is the greatest loss of the nation. Let us hold hundredth day memorial services for President Kim!", "The opening of the Kim Chong-il era is the great feat of President Kim Il-song excl," and so on.

The vanguard fighters of Hanminjon and patriotic people of all strata renewed their unshakable will to achieve the reunification of the country and hew a broad way to the bright future of the nation, deeply cherishing in their hearts the great name and affectionate image of the great President Kim Il-song and looking up to sagacious General Kim Chong-il, the great sun of the nation, as the great leader, the communique said.

Secretary Hwang Chang-yop Meets PRC Group

SK1910043494 Pyongyang KCNA in English 0417 GMT 19 Oct 94

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA)—Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, on October 18 met and had a friendly talk with the friendship visiting group of the Communist Party of China headed by Cheng Weigao, member of the CPC Central Committee and secretary of the Hebei Provincial Committee of the Party, on a visit to Korea.

The head of the delegation said that the great leader of the Korean people Comrade Kim Il-song performed undying exploits in the struggle for the liberation of Korea and socialist construction. Comrade Kim Il-song will live eternally in the minds of the people, he stressed.

Pointing out that the Korean people are holding the dear leader Comrade Kim Chong-il in high esteem, remaining true to the behests of the great leader, he said he saw the Korean people changing their sorrow into strength and courage to effect a great upsurge in socialist construction.

He stressed that Sino-Korean friendship is fraternal friendly relations which were forged and have been strengthened and developed by revolutionaries of the old generation of China and the great leader of the Korean people Comrade Kim Il-song.

He expressed the belief that socialist construction would be successful in Korea and Korea would be reunified.

On hand were officials concerned and Chinese Ambassador to Korea Qiao Zonghuai.

Jiang Zemin Thanks WPK, CPC for Message

SK1910073894 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 19 Oct 94

[FBIS Translated Text] The Workers Party of Korea [WPK] Central Committee and the DPRK Central People's Committee [CPC] received a reply message from the PRC party and state leaders for sending them a congratulatory message on the 45th anniversary of the PRC founding.

The reply message is as follows:

Pyongyang.

To the WPK Central Committee and the DPRK CPC:

We received the congratulatory message sent to us on the 45th anniversary of the PRC founding. On behalf of the CPC Central Committee, the Standing Committee of the PRC National People's Congress, the Chinese people, and ourselves, we send sincere thanks and magnificent congratulations to you and through you to the WPK Central Committee, the DPRK CPC, and the Korean people.

[Signed] Jiang Zemin, general secretary of the CPC Central Committee and PRC president, and Qiao Shi, chairman of the Standing Committee of the PRC National People's Congress

[Dated] 14 October 1994, Beijing

Indonesian Delegation Attends SPA Reception

SK1910051594 Pyongyang KCNA in English 0451 GMT 19 Oct 94

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA)—The Supreme People's Assembly (SPA) of the Democratic People's Republic of Korea gave a reception at the Mansudae Assembly Hall Tuesday for a delegation of the House of People's Representatives of the Republic of Indonesia headed by Speaker Wahono.

In his speech Yang Hyong-sop, chairman of the SPA, said Korea and Indonesia, both non-aligned nations situated in Asia, established friendly and cooperative relations 30 years ago and have supported each other out of the common purpose and desire to build a new society independent, peaceful and prosperous.

He noted with high appreciation and full support that Indonesia is developing friendly relations with other nations, consistently adhering to the 10 principles of the bandung conference and the five principles of peaceful co-existence, and making strenuous efforts to strengthen and develop the Non-Aligned Movement (NAM) in face of the present international situation as the chairman nation of NAM.

"We highly estimate the efforts made by your government and people to turn Southeast Asia into a peaceful, free and neutral zone and achieve peace and security in the Asia-Pacific region," he said.

He expressed the belief that the current visit of the delegation will be conducive to further consolidating and developing the friendly relations between the two countries and strengthening solidarity among the peoples of the Asia-Pacific region.

In his speech Speaker Wahono said that his delegation is visiting Korea at a time when the Korean people have suffered a big loss and are in deep sorrow over the death of His Excellency President Kim Il-song, their great leader, out of the desire to further develop the friendly relations between two countries than ever before.

He sincerely wished the Korean people greater achievements in their efforts for the prosperity and a happier life in Korea.

"Indonesia expresses the hope that everything will be resolved through dialogue and peaceful negotiations as regards the nuclear issue of the Korean peninsula," he said.

He noted that Indonesia warmly welcomes the agreed statement reached by the DPRK and the United States in August 1994 on the continuation of dialogue between the two countries, regarding it very important, and this issue can be resolved only through dialogue and open-hearted and peaceful negotiations.

"I think our visit will make a contribution to further promoting the relations between the two countries and two parliaments and further deepening the feelings of friendship between the two peoples," he stressed.

Meets With SPA Chairman Yang

SK1910044894 Pyongyang KCNA in English 0419 GMT 19 Oct 94

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA)—Yang Hyong-sop, chairman of the Supreme People's Assembly, met and had a friendly conversation with the delegation of the House of People's Representatives of the Republic of Indonesia headed by its Speaker Wahono, which paid a courtesy call on him at the Mansudae Assembly Hall on October 18.

Present there were Paek In-chun, vice-chairman of the Supreme People's Assembly, officials concerned and Syamsudin Sidabutar, charge d'affaires ad interim of the Indonesian Embassy in Pyongyang.

Holds Talks With SPA 19 Oct

SK1910105994 Pyongyang KCNA in English 1040 GMT 19 Oct 94

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA)—Talks between a delegation of the Supreme People's Assembly [SPA] of the Democratic People's Republic of Korea and a delegation of the House of People's Representatives of the Republic of Indonesia were held at the Mansudae Assembly Hall on October 19.

Present on the DPRK side were Yang Hyong-sop, chairman of the Supreme People's Assembly; Yi Mong-ho, secretary of the SPA Standing Committee and other officials concerned and on the other side were members of the delegation of the House of People's Representatives of the Republic of Indonesia headed by its speaker Wahono and Syamsudin Sifabuoar [spelling of names as received], charge d'affaires ad interim of the Indonesian Embassy in Pyongyang.

The both sides exchanged views on further developing friendly and cooperative relations between the two countries, the two parliaments and the two peoples and a series of matters of common concern.

The talks proceeded in a friendly atmosphere.

Chadian Envoy Presents Credentials to Yi Chong-ok

SK1910110594 Pyongyang KCNA in English 1041 GMT 19 Oct 94

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA)—New Chadian ambassador to Korea Helena Tchiouna presented credentials to Vice-president Yi Chong-ok at the Mansudae Assembly hall today.

Present on the occasion was Vice Foreign Minister Kim Yong-il.

After receiving the credentials, the vice-president had a talk with the ambassador.

Meets With Foreign Minister Kim

SK1810150994 Pyongyang KCNA in English 1504 GMT 18 Oct 94

[FBIS Transcribed Text] Pyongyang, October 18 (KCNA)—Vice-premier and Foreign Minister Kim Yong-nam met and talked with new Chadian Ambssador to Korea Helena Tchiouna when the latter paid him courtesy call today.

Chongnyon Officials, Others Arrive in Pyongyang

SK1810151394 Pyongyang KCNA in English 1503 GMT 18 Oct 94

[FBIS Transcribed Text] Pyongyang, October 18 (KCNA)—Kim Su- sik, general director of the secretariat of the Central Standing Committee of the General Association of Korean Residents in Japan [Chongnyon], and his party arrived here today for a visit to the socialist homeland.

Claude Ribiere, chairman of the French Institute for the Development of International Relations, and a delegate of the Paribas Bank of France also arrived here today.

Anniversary of WPK Founding Celebrated Abroad

SK1910043394 Pyongyang KCNA in English 0403 GMT 19 Oct 94

[FBIS Transcribed Text] Pyongyang, October 18 (KCNA)—The 49th anniversary of the founding of the Workers' Party of Korea (WPK) was celebrated in different countries.

Meetings were held from October 3 to 7 at the Nepal Workers and Peasants Party, the Nepal-Korea Friendship Association, the Denmark- DPRK Friendship Association, the National Movement of the Genuine Lumumbist Combatants of Zaire, the Zairean Youth Group for the Study of the Chuche Idea, the Dar-es-Salaam Provincial Youth Union of Tanzania, and the 22nd armored unit of the National Army of Burundi and in Egypt.

Narayan Man Bijukchhe, chairman of the Nepal Workers and Peasants Party, in his speech at a meeting said the Workers' Party of Korea is a party which has performed immortal exploits in the history of the working-class party building and a model to the revolutionary parties of the world.

Anders Kristensen, chairman of the Denmark-DPRK Friendship Association, in his speech said the Workers' Party of Korea has achieved unity and cohesion between the party and the people and built a powerful country with strong defence capabilities and economic potential. He described these enormous achievements as results of the wise leadership and matchless grit of the great President Kim Il-song and the supreme leader of the Korean people Comrade Kim Chong-il.

Congratulatory messages to the dear leader Comrade Kim Chong-il were adopted at the meetings.

Lectures, film shows, photo exhibitions and other functions were organised by the National Council of the Communist Party of India and the Central Committee of the Peruvian Communist Party (Red Motherland) and in Burundi, Egypt, Nigeria, Kazakhstan, Zimbabwe, Lebanon, Nepal, Angola and other countries.

The Mozambique Liberation Front Party and the Bulgaria-Korea Friendship Association published bulletins.

Overseas Parties Celebrate Day

SK1910102394 Pyongyang KCNA in English 1015 GMT 19 Oct 94

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA)—Meetings, lectures, seminars and other functions took place in Peru, Zambia, Ethiopia, Madagascar, Uzbekistan, Zimbabwe, Mexico, Finland, Mozambique, Tunisia and other countries on the 49th anniversary of the founding of the Workers' Party of Korea [WPK].

The participants in the functions paid a silent tribute to the memory of the great leader President Kim Il-song.

Pekka Rantala [spelling of name as received], chairman of the Finnish National Committee for the Study of the Chuche Idea, said in his report at a meeting that the WPK has victoriously led the revolution and construction, taking the great chuche idea as its guiding principle, since it was founded by President Kim Il-song.

The WPK has grown to be the greatest revolutionary party of chuche in the world under the tested guidance of the dear leader Comrade Kim Chong-il and is victoriously leading the cause of socialism without the slightest vacillation under the complex international situation, he said.

Korea is holding talks with the United States on an equal footing and humbling the arrogance of the U.S., he said, adding that the Korean people will advance along a road of brilliant victory under the wise guidance of the dear leader Comrade Kim Chong-il.

Heron Rosalez Samorano [spelling of name as received], coordinating chairman of the Mexican National Council of Workers, elaborated on the achievements made by the WPK in the building of socialism and expressed the belief that the Korean people under the wise guidance of the dear leader Comrade Kim Chong-il will register greater achievements in socialist construction and the struggle for national reunification.

Messages of greetings to Comrade Kim Chong-il were adopted at the functions held in Mexico, Finland, Mozambique, Tunisia, Uzbekistan and Zimbabwe.

Party Leaders Send Greetings

SK1910043294 Pyongyang KCNA in English 0413 GMT 19 Oct 94

[All names as received]

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA)—The Central Committee of the Workers' Party of Korea received messages of greetings from Youssef Faisal, general secretary of the Central Committee of the Syrian Communist Party; Yacob Zayadine, general secretary of the Central Committee of the Jordanian Communist Party; Anthony Vassalo, general secretary of the Central Committee of the Communist Party of Malta; Juan Ramos, general secretary of the Communist Party of the Peoples of Spain; and the Federal Committee of the Spanish Communist Party, on the 49th anniversary of its founding.

The messages note with admiration that although Comrade Kim Il- song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, passed away, the WPK is invariably maintaining its unshakable will.

They express solidarity with the Korean people in the struggle to reunify the country peacefully and on a democratic basis, preserve world peace and denuclearize the Korean peninsula.

They wish the friendly people of the Democratic People's Republic of Korea greater success and progress in all their work and express the belief that the friendly and cooperative relations between the parties and peoples of Korea and the afore-said countries will continue to develop.

Kim Chong-il's Works Published Overseas

SK1910042894 Pyongyang KCNA in English 0409 GMT 19 Oct 94

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA)—The dear leader Comrade Kim Chong-il's famous work "The Workers' Party of Korea Organizes and Guides All the Victories of Our People" was published in booklet by the Grafica Europa Publishing House of Portugal on the 49th founding anniversary of the Workers' Party of Korea.

The booklet in Portuguese says in the preface:

At a time when communist and workers' parties of many countries that were building socialism renounce their lines, failing to overcome the turns and twists, the Workers' Party of Korea is invariably and resolutely defending the cause of socialism, and socialism is making a long drive in Korea.

This is because the Workers' Party of Korea, which organizes and guides all the victories of the Korean people, is under the outstanding and tested guidance of the dear leader Kim Chong-il.

Although President Kim Il-song, the founder of the Workers' Party of Korea, passed away, the Workers' Party of Korea guided by the chuche idea authored by him will creditably accomplish the president's revolutionary cause under the wise guidance of the dear leader Kim Chong-il.

Comrade Kim Chong-il's famous work "Abuses of Socialism Are Intolerable" was published in booklet by the Arusha Printing House of Tanzania.

Letters on Mount Myohyang Praise Kim Il-song

SK1910102494 Pyongyang KCNA in English 1010 GMT 19 Oct 94

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA)—The letters reading "The great leader Comrade Kim Il-song will always be with us" which had been engraved on a rock of Mt. Myohyang, a scenic mountain in the northwestern part of the country, were unveiled with a due ceremony on Tuesday [18 October].

Engraved on the face of a rock of more than 1,200 square metres near the well-known Yuson Fall in Mt. Myohyang are the great leader President Kim Il-song's august name, each letter 3.2 metres high and 2.5 metres wide, and the other letters 3 metres high and 2.3 metres wide.

The dear leader Comrade Kim Chong-il, finding his days so full with the overall work of the party and the state, overcoming the sorrow and pain, took care that this slogan of faith reflecting the desire of the Korean people were engraved on the rock of Mt. Myohyang associated with the leadership feats of President Kim Il- song.

The mountain is linked with the august name of President Kim Il- song.

In his lifetime he visited Hyangsan many a time and saw to it that Mt. Myohyang was turned into a world-famous mountain and Hyangsan-up built in a peculiar way to suit the national aesthetic tastes [sentence as received].

In his address at the ceremony, Secretary of the Central Committee of the Workers' Party of Korea Kim Ki-nam said respected Comrade Kim Il-song, who enjoyed deep reverence and trust from all people for his undisputed prestige and greatness and glorified the new era of human history, the era of independence, with his august name, will always be with the Korean people.

"We must remain unfailingly loyal to the leadership of the party with the firm faith that the revolutionary cause of chuche will surely emerge victorious with Comrade Kim Chong-il, the great leader of our party and our people, at the head of the revolution," he stressed.

After his address, an explanation was given about the letters engraved in praise of President Kim Il-song.

More Wreaths Laid Before Statue of Kim Il-song

SK1910045094 Pyongyang KCNA in English 0425 GMT 19 Oct 94

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA)—The delegation of the House of People's Representatives of Indonesia headed by its speaker Wahono paid a mourning visit to the statue of the great leader President Kim Il-song on Mansu Hill as soon as it arrived in Pyongyang on October 18.

A guard of honor of the Korean People's Army lined up before the statue of President Kim Il-song.

Present there were Yang Hyong-sop, chairman of the Supreme People's Assembly, officials concerned and Charge d'Affaires Ad Interim Syamsudin Sidabutar and officials of the Indonesian Embassy in Pyongyang.

The visitors laid a wreath before the statue and observed a moment's silence in his memory.

On the same day, Iranian Ambassador to Korea Seyyed Morteza Mirheydari and embassy officials, a delegation of the Department of Information of the Ministry of Foreign Affairs of Thailand headed by its Deputy Director General Thinakorn Kanasuta and a delegate of the Paribas Bank of France presented wreaths before the statue of President Kim Il-song on Mansu Hill and honored his memory.

The Iranian ambassador expressed the belief that the Korean people would creditably carry forward the cause of His Excellency President Kim Il-song under the sagacious guidance of the dear leader Comrade Kim Chong-il. We will make strenuous efforts to develop the friendly relations between Iran and Korea, he stressed.

On October 18, a wreath from Hamilton Green, former prime minister of the Cooperative Republic of Guyana and mayor of Georgetown, was laid before the statue of President Kim Il-song.

Kim Su-sik, general director of the secretariat of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), and his party staying in the socialist homeland laid bunches of flowers before the statue of President Kim Il-song on Mansu Hill on October 18 and paid a silent tribute to his memory.

Metal Industry Increases Iron, Steel Output

SK1910103094 Pyongyang KCNA in English 1018 GMT 19 Oct 94

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA)—The metal industrial workers of Korea are striving to boost iron and steel output, true to the behests of the great leader President Kim Il-song.

Recalling that the great leader in his lifetime put his heart and soul into the prosperity of the country and the development of the metal industry, they changed the bitter sorrow at his death into strength and courage and increased output in the three months following July 8 80 percent in rolled steel, 70 percent in steel and 40 percent in pig iron as against the first quarter of the year.

In this period, the Kim Chaek Iron and Steel Complex lifted output 230,000 tons in rolled steel, 60,000 tons in steel and 70,000 tons in pig iron and the Songjin Steel Complex 40,000 tons in rolled steel and 37,000 more tons in steel.

The Hwanghae Iron and Steel Complex and the Chollima Steel Complex increased iron and steel output 38 percent and 45.6 percent respectively through a meticulous economic organisation and effective control of the equipment and technological control.

National Industrial Fine Arts Exhibition Opens

SK1910044394 Pyongyang KCNA in English 0427 GMT 19 Oct 94

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA)— A national industrial fine arts exhibition opened in Pyongyang.

On display at the exhibition hall are more than 1,100 excellent designs and works needed for the development of the light industry of the country and the improvement of the people's living standard.

Among them are textile designs of various colors and patterns catering to the taste of the people, clothing designs of various types comfortable to wear and good to look at and designs of diversified forms of furniture, kitchen utensils and electric daily necessaries.

An opening ceremony took place on October 18.

South Korea

Reports on U.S.-DPRK Geneva Talks Continue

SK1810113594 Seoul KBS-1 Radio Network in Korean 1100 GMT 18 Oct 94

[FBIS Translated Text] North Korea has confirmed for the first time the U.S. announcement that the United States and North Korea have reached a basic agreement on the nuclear issue. Spokesman Pak Tok-hun of the North Korean mission to Geneva admitted the settlement of the negotiation, saying: You may believe the U.S. chief delegate and Nuclear Ambassador Gallucci's announcement that the two countries have reached a final agreement on the comprehensive resolution of the North Korean nuclear issue. He said further details were not available at this time.

North Korean chief delegate Kang Sok-chu said that he is satisfied with the agreement and that the North Korean nuclear issue will eventually be resolved when the agreement is implemented. North Korean chief delegate Kang Sok-chu said in a news conference held at the North Korean mission at 1900 [1000 GMT] today that ways to impartially resolve the North Korean nuclear issue were discussed during the talks. Delegate Kang assessed that the agreement will completely dispel the nuclear suspicion when graphite-moderated reactors are replaced by light-water reactors, and greatly contribute to clearing up distrust between the United States and North Korea.

Delegate Kang Sok-chu also said that the U.S.-North Korean relations will be normalized after the agreement, contributing to the peace of Asia and the world.

DPRK Negotiator Expects Approval

SK1810122594 Seoul YONHAP in English 1219 GMT 18 Oct 94

[FBIS Transcribed Text] Geneva, Oct. 18 (YONHAP)—North Korean Vice Foreign Minister Kang Sok-chu, who was Pyongyang's chief negotiator at the recent U.S.-North Korea nuclear talks, said here Tuesday he was satisfied at the basic agreement reached with the United States on the nuclear issue.

In a press conference at the North Korean mission here at 11 AM local time, Kang said he expects his home government would approve the agreement.

Saying that the nuclear question had stemmed from mutual distrust between his country and the United States, Kang said the recent talks were a process to dispel such distrust.

He said that once graphite modulated reactors were replaced with light-water reactors, "nuclear suspicion about us would be removed completely."

Kang said he was sure that when the agreement is put into action, the nuclear question would be resolved ultimately.

Asserting that the biggest question pending between his country and the United States has been to remove mutual hostile relations, the North Korean vice minister said he was positive that when bilateral relations are normalized, it would contribute to peace in Asia and the world.

Source on North's Return to NPT

SK1810230594 Seoul KBS-1 Radio Network in Korean 2200 GMT 18 Oct 94

[Report by Cha Man-sun from Vienna]

[FBIS Translated Text] A reliable source of the International Atomic Energy Agency [IAEA] stated: Upon the signing and effectuation of the U.S.-DPRK basic agreement for resolving the North Korean nuclear issue, North Korea will be regarded to have completely returned [wanjonhi pokkwihan kosuro kanjudoenda] to the Nuclear Nonproliferation Treaty [NPT].

According to the reliable IAEA source, the U.S.-DPRK basic agreement includes a separate item specifying that North Korea will remain in the NPT. The source explained: North Korea will be reconfirmed to be an NPT signatory without undergoing procedures to return to the treaty because the IAEA regards North Korea as a member nation of the NPT at present.

Another source, however, stressed: Although special inspections of North Korea will be postponed for some time according to the basic agreement, North Korea is under an obligation to allow complete [chonmyon suyonghal uimuga itta] ad hoc and regular inspections [imsi sachalgwa chonggi sachal] as soon as possible, according to the nuclear treaty.

DLP Chairman Praises Agreement

SK1910053994 Seoul YONHAP in English 0524 GMT 19 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 19 (YONHAP)—Ruling Democratic Liberal Party (DLP) Chairman Kim Chong-pil gave an affirmative appraisal Wednesday of the U.S.-North Korean nuclear agreement despite its leaving something to be desired.

In a speech to the National Assembly as his party's representative, Kim said the accord represents progress as it embraces steps to eliminate the nuclear threat posed by North Korea.

"The agreement is worthy of expectations in that it includes North Korea's complete return to the Nuclear Nonproliferation Treaty (NPT), the clearing up of the North's past nuclear activities and the resumption of inter-Korean dialogue," he said.

However, he urged the government to clearly explain its implementation to allay public concern, while saying clarification is needed on whether Pyongyang possesses atomic bombs.

"The government should make efforts to attain our objective of maintaining peace and stability on the Korean peninsula and inter-Korean dialogue," he emphasized.

Referring to Seoul's foreign policy, he said the government must heed people's concerns that a systematic and consistent foreign policy is lacking due to government indiscretion.

National unification can only be achieved by realists, not by fantastic idealists, he asserted in urging the government not to make any hasty decisions in pushing for reunification.

Turning to the so-called chusapa (followers of North Korea's self-reliance ideology), Kim pointed out that ideological arguments over communism or socialism and student activists' unauthorized visits to North Korea were unfortunate as the North's "experiments" have proved to be a failure.

Kim then made it clear the present National Security Law cannot be scrapped unless there is a basic change in South-North relations.

As to the impending World Trade Organization (WTO), he stressed the incumbent National Assembly session must ratify the new world body.

With regard to the recent spate of murders, tax revenue embezzlement by civil officials and allegedly loose discipline in the Armed Forces, he said the ruling party must assume primary responsibility. "All of us are required to make utmost efforts to rehabilitate the social morality of the country."

Addressing next year's local elections, he maintained they must overcome the destructive selfishness of regionalism in favor of globalization.

Newspapers Review Agreement

SK1910065894

[FBIS Editorial Report] Seoul vernacular newspaper on 19 October carry editorials and articles reviewing the U.S.-DPRK talks concluded in Geneva.

On page 3, the conservative CHOSON ILBO carries a 900-word editorial which stresses the need to make a "cool-headed" assessment of how the ROK position has been reflected in the U.S.-North talks with a view to the ROK working out correct countermeasures. The editorial says that the party that has gained the most from the agreement reached at the 18 month-long talks is North Korea, saying that North Korea has earned light-water reactors under circumstances in which it can take out its nuclear bargaining chip anytime again; and it has also earned the improvement of its relations with the United States.

The editorial then casts doubts that the North will apply the atmosphere of its reconciliation with the United States to the South-North relations, and adds that although the ROK has promised to bear most of the financial burden for the construction of light-water reactors, North Korea will not recognize the status of the ROK per se in the future process of its face-to-face dealings with the United States. Based upon this, the editorial expresses concerns, saying: "If the North's position is stabilized thanks to a guarantee from the United States and if the North ignores the ROK further, a Cold War-style era situation will surely arise between the South and North and the day for national unification will become more remote."

The editorial concludes by saying that "under these circumstances, we cannot afford to rely only on the existing foreign affairs-national security policy toward the North's nuclear issue, on which we have depended upon the United States," while stating that now is the time for the South to cultivate its own strength to make its position public in a dignified manner and accomplish it, instead of implementing the conventional diplomatic method of unconditionally following the United States without playing any diplomatic games with the United States.

On page 4, the CHOSON ILBO carries a 800-word article written by reporter Kim Chang-ki which reviews gains and losses on the part of the ROK, the United States, and North Korea following the settlement of the U.S.-North talks. The article says that North Korea has gained most from the talks because it will receive light-water reactors, virtually free of charge, and see the establishment of a foothold, the exchange of liaison offices, upon which it can anticipate even the establishment of diplomatic relations with the United States in the future, in return for its guarantee of its past nuclear activities for whose international obligations it ought to have fulfilled long ago. The article adds that North Korea also displayed its peculiar "diplomatic capabilities" with which it had dragged "the United States to the extent that the United States has become weary," while gaining tangible actual profits, saying that North Korea has come to gain a decisive turning point to break itself away from its triple hardships concerning the succession of power, economic difficulties, and international isolation. However, the article says that the ROK and the United States have found a way to solve the nuclear issue while averting the danger of war. The article concludes that the ROK may regard the improvement of U.S.-North Korea relations as a relative loss, while stressing the need to make use of this as a turning point to work out active countermeasures, including the strengthening of ROK-U.S. relations.

On page 3, the moderate TONG-A ILBO carries a 900-word editorial which expresses its embarrassment over the settlement of the U.S.-DPRK talks, further saying that the ROK has a dilemma in terms of its relations with the United States or with the North, while stressing the need to become more "composed" and more "cool-headed" in order to cope with the situation following the settlement of the talks.

The editorial criticizes the government for having failed to make clear its position as to its support for North Korea's construction of light-water reactors, while also blaming the government for having made haste in accepting the results of the U.S.-DPRK talks.

On page 3, the moderate HANGUK ILBO carries a 900-word editorial stating that in the process of the U.S.-DPRK negotiations over the nuclear issue, the ROK has become "a fall guy who only supplies money," North Korea has earned both tangible profits and intangible gains, and the United States seems to have saved its face. The editorial stresses the need to make strategic use of ROK's own economic strength in the future South-North relations, while reviewing the difficult North Korean economy and saying that North Korea is trying to seek the economic development and find a way out of its economic difficulties through the Chinese-style open-door policy. Saying that the party, which is pressed for time is North Korea, the editorial cites low international credit rating of North Korea as part of North Korea's economic weak points, and states that the ROK has no reason to maintain a low-key attitude in its economic cooperation with North Korea.

On page 3, the left-leaning HANGYORE SINMUN carries a 1,500-word editorial which reviews a new era on the Korean peninsula. The editorial predicts that following the settlement of the U.S.-DPRK talks, all countries will seek to increase their influence and pursue profits by making the most of South and North Korea as levers. The editorial estimates North Korea's decision to accept ROK-style light-water reactors as a resolute determination which has provided a precious opportunity for both the South and North to realize that the nation is one. The editorial calls upon "the North Korean authorities to make sure that their latest decision was a signal that it has made the choice of adopting a firm policy to solve all pending issues, including the South-North issue, through dialogue," while "welcoming its choice to have reached an agreement with the United States."

The editorial stresses that if North Korea shows a sincere attitude toward the South-North dialogue and faithfully carries out the agreed matters, this will leave good impressions on the succeeding regime of North Korea and will also enhance North Korea's status in the international community.

The editorial also urges the government to change its perception of South-North relations at a time when a new era has been ushered in, stressing the need to readjust the government's confusing national unification policy, "which posed an obstacle to the proceeding of the U.S.-DPRK talks," while advising President Kim Yong-sam to make clear his own appropriate and resolute will for the peaceful unification. The editorial advises the government to work out a new policy for the South-North relations in such a way as to seek national unification thorough the coexistence of the South and North, while saying that "the emphasis on the importance of special inspections and the argument that the South-North cooperation will benefit only North Korea will not be tolerated in the new international order." In conclusion, the editorial says that although the government will suffer much from its efforts to accept this new international order, this "pain" will be easily overcome if those concerned return to the spirit of the 4 July Joint Statement issued 22 years ago.

Government Formulates Plans for North Reactors

SK1910004094 Seoul THE KOREA HERALD in English 19 Oct 94 p 8

[FBIS Transcribed Text] The government has reportedly set to considering how to provide North Korea with light-water reactors after the conclusion of an accord between Washington and Pyongyang to restructure the latter's nuclear program in Geneva Monday.

A set of scenarios are under consideration over how to finance the construction of light-water reactors in North Korea, which country will pay how much and ways to have local businesses participate in the construction, government officials said yesterday.

The government also plans to begin negotiating such matters with the United States and other related countries, they said.

The state-run Korea Electric Power Corp. is said to have already come up with a specific plan for financing and technical aid concerning the construction of light-water reactors.

In addition, Seoul is widely seen as being able to provide 90 percent of the technology needed to build light-water reactors.

Under the agreement, North Korea would abandon its current reliance on graphite moderated reactors in favor of Korean-type light-water reactors provided by an international consortium.

Many experts here predict that Korea will bear the bulk of the costs for constructing light-water reactors for North Korea, estimated at $4 billion.

In that case, local businesses to participate in the construction are expected to shoulder a sizable portion of the cost Seoul will pay, and they are reportedly working out detailed measures of their own.

Projected to take part in the construction of North Korean light- water nuclear reactors are four construction companies—Hyundai Engineering & Construction Co., Daewoo Corp., Dong Ah Constructing Industrial Co. and Korea Heavy Industries & Construction Co.—which have experiences with building nuclear power plants.

Six other companies such as Samsung Engineering & Construction Co. want to participate in the construction project, according to industry sources.

When local firms are allowed to participate in the project, it is desirable to form a consortium led by the four experienced companies, spokesmen said.

Necessary Manpower Detailed

SK1910080194 Seoul YONHAP in English 0755 GMT 19 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 19 (YONHAP)—North Korea, in exchange for freezing its nuclear program, will receive two 1,000-megawatt light-water reactors that are like the Ulchin No. 3 and 4 units in South Korea.

With that settled, the key question now concerns what exactly goes into building these twin reactors.

Constructing just one of the reactors requires, under a complex labor formula, the equivalent of the toil of some 10 million men until the date of completion, according to Korea Electric Power Corp. (KEPCO) and the Korea Atomic Energy Research Institute (KAERI).

System design calls for 800 people every day for the total construction period, design assistants another 2,500 and actual construction about 15,000 people.

Nearly one-third of the 3,300 people needed every day in non- construction fields must work on site, meaning at least 1,100 South Korean experts will have to be dispatched to the North.

Once the reactors are completed, approximately 1,200 workers will need to stay on to oversee operations.

KAERI bears full responsibility for system design of the Ulchin No. 3 and 4 units, the core technology in building a reactor, and has applied 700 people to the task.

Work on the two reactors has proceeded simultaneously, the most ideal case in terms of cost and technology efficiency, since ground was broken in May 1992.

No. 3 will be completed in March 1998, five years and nine months after construction began. No. 4 will be finished a year later in March 1999.

As of August this year, 40 percent of the work had been finished. A tally showed that a total of 1,103 people were mobilized on site every day.

The rate of localization is an average 93.3 percent, which experts say accounts for about 80 percent of the entire construction cost. The remaining 7 percent must be imported at a cost that makes up about 20 percent of the construction expenditure.

KAERI has localized 92.8 percent of system design while Korea Heavy Industries and Construction Co. reached 84.6 percent in equipment and 98 percent in turbine generators.

Korea Power Engineering Co. is 92.6 percent local in the construction blueprint and KEPCO 97.8 percent in management, while construction companies including Daewoo, Hyundai and Tong-A are 99.5 percent independent.

Possibility of Simultaneous Treaties Examined

SK1910005494 Seoul YONHAP in English 0047 GMT 19 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 19 (YONHAP)—The government is examining the possibility of replacing the present Korean armistice system with a peace treaty regime by simultaneously concluding inter-Korean and Pyongyang-Washington treaties.

Also under consideration on a medium- and long-term basis is the "2-plus-2 talks" formula involving the two Koreas, the United States and China. The formula envisages simultaneous signing of a Seoul- Pyongyang peace treaty, a Washington-Pyongyang peace agreement and a Seoul-Beijing peace guarantee treaty, a government official said Wednesday.

The peace treaties under study, however, call for maintaining American troops in South Korea "as a guarantor of peace and security in Northeast Asia," according to the official.

The review is being made because Pyongyang is opposed to the conclusion of an inter-Korean peace treaty and in the judgment that long-term peace on the Korean peninsula must be guaranteed by neighboring powers.

Observing that Pyongyang is expected to accelerate its peace treaty offensive with the Geneva nuclear talks now concluded, the official said, "The government prefers building a peace regime on the Korean peninsula through faithful implementation of the South- North basic agreement."

"In case Pyongyang objects to this, however, we are carefully studying the possibility of a tripartite conference among Seoul, Pyongyang and Washington with a view to concluding peace treaties simultaneously between Seoul and Pyongyang and between Pyongyang and Washington," he said.

More Speculation on Delay in DPRK Succession

SK1910065194 Seoul YONHAP in English 0640 GMT 19 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 19 (YONHAP)—North Korea's schedule for Kim Chong-il to take over as head of the omnipotent Workers' (Communist) Party is likely to be deferred for some time.

Why Kim is putting off building his leadership system is not known, but speculation here has it that the delay is either due to his reshuffling of the party's mighty Central Committee or to the need for an upsurge of public sentiment supporting his rise to power.

Such speculation is based on the assumption that Kim has already seized the reins so firmly that he feels no need to hurry the formal transfer of power.

A highly placed Chongwadae [presidential offices] official said Wednesday, "Analyzing the North Korean information available so far, I would say the formal launching of North Korea's new leadership with Kim Chong-il at the top will be delayed from the day we had anticipated. Maybe the sailing will be postponed to next month.

"North Korea, using Sunday's memorial services for the late Kim Il-song as a turning point, appears to be shifting from a mood of mourning over the death of 'the great leader' to an atmosphere for Kim Chong-il's ascension to the throne. The North Koreans will start applauding the nuclear agreement in Geneva as Kim Chong-il's diplomatic achievement from Friday, when the agreement is formally signed by North Korea and the United States."

As he is firmly positioned to take the helm, North Korea is expected to laud Kim Chong-il for his role in reaching the Geneva agreement, acclaiming him "the paramount leader" with the people's enthusiastic support.

A National Unification Board official said, "For Kim Chong-il, his formal rise to power as Kim Il-song's successor may not be significant, and the North Koreans may question the significance of his formal inauguration because he has already been 'the dear leader' over the years."

Another government official said, "I understand Kim Chong-il is now busy reshuffling the party Secretariat and Central Committee, and it appears to me that this has delayed his power succession schedule."

According to this official, Kim refrained from wielding power during the 100-day mourning period for his deceased father, but has started realigning the party hierarchy now that it is over. He will formally ascend to the top of this hierarchy amid a mood of popular support created after the reshuffle.

In this shake-up, many North Korea watchers here agree, Kim Chong-il will give important posts to the second generation of revolutionaries, including party secretary for South Korean affairs Kim Yong-sun and technocrats Kim Tal-hyon and Kim Chong-u. He will also feel compelled to promote members of the first generation such as People's Armed Forces Minister O Chin-u and Vice Presidents Yi Chong-ok, Pak Song-chol and Kim Yong-chu.

The delay in Kim's formal inauguration is attributed by some well versed in North Korean affairs here to health problems.

Kim, as shown on North Korean television at Sunday's 100th-day memorial service in Pyongyang, looked like a man who had seen much better days.

The government is known to have reliable information indicating that he is suffering from diabetes and kidney trouble.

When he is formally installed as state president, Kim will have to meet foreign dignitaries and visit factories and farms for "field guidance." The evidence suggests that for now, however, he is not healthy enough to bear such a heavy workload.

Party 'Ongoing Shake-Up' Alleged

SK1910025294 Seoul YONHAP in English 0247 GMT 19 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 19 (YONHAP)—North Korea's Kim Chong-il seems to be delaying a bit his formal inauguration as Workers' (Communist) Party general secretary because of an ongoing shake-up in the Workers' Party Central Committee, which was halted temporarily while the nation was observing the 100- day mourning period for the late President Kim Il-song, a senior government official here said Wednesday.

Kim is expected to assume the top party post next week at the earliest following the formal signing of the just-concluded nuclear agreement with the United States in Geneva on Friday, the official predicted.

Kim's formal ascension to power had been expected to come this week.

"We understand that reshuffles are now underway in the party Secretariat and Central Committee," the official said.

"There was no change whatsoever in the hierarchy of the North Korean leadership that attended the wreath-laying and memorial services marking the passage of 100 days since the death of Kim Il- song," he noted. "This is not because Kim Chong-il intends to maintain the established leadership, but because he, observing the mourning period, refrained from reshuffling personnel in earnest."

Kim Chong-il is expected to recruit for core party posts a number of his close associates including technocrats, while ensuring that he treats the first generation of revolutionaries courteously, the source said.

The Workers' Party Central Committee comprises 145 full and 103 alternate members and elects key officials including the general secretary.

* Kim Chong-il Analyzed Through His Movies

942C0207B Seoul SINDONG-A in Korean Sep 94 pp 252-265

[Article by Yi U-yong, senior analyst, National Unification Research Institute: "Kim Chong-il's Image as Reflected in North Korean Movies"]

[FBIS Translated Text] "What kind of a man is Kim Chong- il after all?" will be the most important question in prognosticating the future course of post-Kim Il-song North Korea. The character and personal disposition of Kim Chong-il, a "man of mystery" who has seldom been exposed to the outside world until now, will be examined below through North Korean movies, in the production of which he has been directly involved.

The first job Kim Chong-il was assigned to upon graduating from Kim Il-song University in 1964 was that of an organization and guidance worker at the Korean Workers Party [KWP] Organization and Guidance Department. However, from 1967, when he was transferred to the KWP Propaganda and Agitation Department, through 1972, the year in which he was designated as the future successor, he had been interested mainly in literature and arts, particularly in film making. His interest in these fields remains active.

It is said in North Korea that "under the sagacious leadership of the dear leader Comrade Kim Chong-il, the work of popularizing movies accelerated in the 1960's and 1970's." It is also noted that "thanks to the sagacious leadership and energetic guidance of the dear leader Comrade Kim Chong-il, there has been a great revolution in the field of cinematographic art." Considering the fact that all credit for social achievements in North Korea goes to Kim Il-song or Kim Chong-il, Kim Chong-il's role in filmdom might well be exaggerated.

However, the following few facts show the depth of his involvement in motion-picture production:

First, the bulk of "Kim Chong-il's Selected Works" concentrate on subjects concerning films and literary arts. Of all the 48 theses contained in Volume I, which covers his speeches in the 1964-1969 period, 18 dwell on literature and arts, including movies. Of all the 16 theses in Volume II, which covers his writings in the succeeding period up till 1972, 16 dwell on movies, literature and arts.

Second, in North Korea, Kim Chong-il's "On Cinematographic Art" (1973) is used as the guideline for the creation, production, and review of movies. Therefore Kim Chong-il may be said to be the provider of the theoretical foundation of filmdom in North Korea.

Third, articles in the North Korean monthly magazine KOREAN CINEMAS pay tribute predominantly to Kim Chong-il, not Kim Il-song. This gives a glimpse of the place Kim Chong-il occupies in North Korean filmdom, considering the fact that although the personality cult centers on both Kim Il-song and Kim Chong-il, Kim Chong-il rarely receives primary attention.

Fourth, while currently in control of the important aspects of state affairs, Kim Chong-il is giving "on-site guidance" in movie making. He gave on-site guidance on 31 occasions in 1985, on 28 occasions in 1986, on 19 occasions on 1988, on 12 occasions in 1989, making comments on film directing, acting, music, and so forth.

In some quarters there is a tendency to underestimate Kim Chong-il's potential simply because he has cultivated his career in filmdom. This tendency stems from the failure to understand the importance of the role motion pictures play in socialist countries. In capitalist countries, including South Korea, movies are considered at once an artistic genre and a sort of commodity. Accordingly, the social status of the people engaged in the motion-picture industry is relatively low. This is all the more so in South Korea, where there is the tendency to look down upon people in the field of culture and arts. On the contrary, movies are valued in socialist countries as a medium of political and social work directed at the masses.

Popular Art, Mobile Art

In each socialist country the party is in charge of movies as well as literature and arts. The administrative branch has a department in overall charge of culture. But it is the party's propaganda and agitation department that actually controls and supervises literature and arts, including movies. The reason is that only by bringing literature and arts under its control is it possible for the party to use them as a means of disseminating its political ideas. Accordingly, the state finds it necessary to classify those who engage in or take command of literature and arts as a group of ideological propagators.

In socialist countries, there is a tendency to attach greater political importance to movies than to any other genre. In the judgment of the Soviet leaders who adopted socialism for the first time, movies were the most effective means of spreading the new idea of government under the circumstances in which the Russian people had a low level of knowledge with a high rate of illiteracy. The same movie can be copied in large numbers, and it can be shown to a large number of people at the same time. For this technical advantage, the political usefulness of movies is all the more highly appreciated.

For this reason Lenin and Stalin also stressed the importance of motion pictures, and the party took the initiative in developing them in the Soviet Union. As a result, various filming techniques were created in the Soviet Union in particular, and the film industry has made great strides in most of the socialist countries in general.

Filmdom in North Korea enjoys the same status as those in other socialist countries. Organizationally, all film artists belong to the "General Federation of Unions of Literature and Arts of Korea" (Munyechong), an organization of men of literature and art, and Munyechong is under the command of the WPK [Workers Party of Korea] Propaganda and Agitation Department. In North Korea, the party is in control of every aspect of filmmaking from writing film scenarios to producing and showing movies. In one of his speeches Kim Il-song said: "Movies are our party's powerful intuitive tool of propaganda and agitation. A large number of people can see the same movie simultaneously at different places...and in indoctrinating workers, movies are better than novels and newspapers and superior to plays which are limited by the stages. Like other socialist leaders, Kim Il-song showed a great interest in movies.

Kim Chong-il perceives movies in the same way as Kim Il-song did. Said Kim Chong-il: "Nothing has a more powerful effect on indoctrinating people in the revolutionary way than movies. Films represent the most popular and mobile art that can be shown to the broad masses in a short space of time, anytime and anywhere. In developing literature and arts the party is concentrating efforts on cinematography, considering it a key link." In this way Kim Chong-il views movies as the core of literature and arts and a key instrument of political propaganda and agitation.

Kim Chong-il's initial interest in movies may have had something to do with his personal disposition. According to Choe Un-hui and Sin Sang-ok, Kim Chong-il has a library of 15,000 films; and wherever he goes, there is a film showing facility. He has such a strong interest in movies that almost every night he picks up a film at his film library to see it.

However, more importantly, Kim Chong-il has been deeply involved in movies probably because of their political importance in socialist countries as noted above. Particularly in North Korea, the domain of literature and art was the central ideological battleground at the early stage of the power struggle. By getting involved in literature and arts, including movies, he proved his mettle and consolidated his position as an ideologist charged with the propagation of the party's ideology.

Kim Chong-il began to get formally involved in filmmaking in 1968 when he was appointed as chief of the film and arts section, KWP Propaganda and Agitation Department. However, as early as 1964 he issued a statement stressing that "we need to turn out many movies that can contribute to the indoctrination of soldiers." In North Korea, the 1965 movie "Growing Up," Parts 1 and 2, was reportedly produced under Kim Chong-il's guidance. North Korean filmdom commemorates 5 June 1963 as the date on which Kim Chong-il gave his first on-the-spot guidance to the Korean Feature Film Studio. We can hardly take what North Korea claims at its face value, but in fact Kim Chong-il began to get involved in moviemaking about the time he finished his college.

Chuche Theory of Literature, Seed Theory

Kim Chong-il has had his influence on North Korean filmdom in two ways. First, on the theoretical plane he provides the overall basic framework for moviemaking. Second, he has taken part in filmmaking by giving concrete guidance.

Kim Chong-il's cinematographic theory is integrated into his *Theory on Cinematographic Art* published in 1973. The *Theory on Cinematographic Art* consists of eight chapters: "Life and Literature," "Films and Their Production," "Character and Players," "Images and Shooting," Screens and Art," "Scenes and Music," "Art and Creation," and "Creation and Guidance." Since its publication, this book has been used as a basic textbook on all areas of literature and arts in North Korea, from movies to dramas, operas, and literature. Events are held once every five years to commemorate its publication. The North Korean propaganda machinery claims: "This was a great historical event which was of epochal significance not only in building our own literature and arts but also in developing literature and arts for all mankind."

Basically, Kim Chong-il's theory on movies is based on Kim Il-song's chuche ideology and theory of literature and arts. Kim Il-song's chuche theory of literature and arts, which is based on "socialist realism"—the backbone of the theory of literature and arts in socialist countries—is aimed at realizing "party spirit," "working-class character," and "people-orientedness" as the goals of literary and artistic creation. This may be called a theory of literature and arts that aims to create literary and art works whose contents embody socialist ideology, but are easy enough to be appreciated by ordinary people.

Inheriting Kim Il-song's theory of literature and arts, Kim Chong-il emphasized the importance of anti-Japanese revolutionary literature that stresses Kim Il-song's unitary ideology, and called for the portrayal of the leader. By anti-Japanese revolutionary literature is meant the re-creation of those literary and art works that originally appeared in the period of anti-Japanese guerrilla warfare, or the creation of new works by using materials and works that existed in that same period. By the portrayal of the leader is meant using Kim Il-song's activities as materials and themes of creative works.

The advent of anti-Japanese revolutionary literature was closely connected with the formulation of the chuche ideology, and it may also have had something to do with the system of Kim Il-song's unitary rule. On the basis of this theory they emphasize the need to use the accounts of the activities of anti-Japanese guerrilla units as materials to create works that can spotlight Kim Il-song's greatness.

The "seed theory" is another core element of Kim Chong-il's literary theory. By seed is meant "the kernels of life from which germinate the elements of ideas about the basic issues and imagery that writers and artists try to bring out at the core of their artistic works." Kim Chong-il says that an artist must create an artistic form by organically combining the materials, main theme, and ideology around the seed. For instance, the seed of the movie "Sea of Blood," which depicts the story of people fighting against the oppressive rule of the Japanese imperialists, may be to turn the "sea of blood in suffering" into "a sea of blood in revolution."

It may be said that Kim Chong-il's seed theory puts greater emphasis on ideology in literary and artistic works. The terminology "make an organic combination by using the seed" means that artworks must not only be dominated by ideology but also even their detailed substance and materials must be bound by ideology. Furthermore, emphasis on the seed could add to the uniformity of artworks. By using Kim Il-song's teachings and activities as the key elements of the seed, all artworks could come to seek the same ideological themes even if the materials used are diverse.

Flowers of Revolution

Kim Chong-il dubs artworks created on the basis of his theory "revolutionary literary and artworks. He says, "The contents of people's struggle to achieve national and working-class liberation and build a socialist, communist society are presented in these works in a national form agreeable to people's taste, thereby contributing to arming them invincibly with the revolutionary world outlook of the working class." Movies produced on Kim Chong-il's initiative on the basis of this literary and art theory may be classified into the following categories:

The first group belongs to the category of anti-Japanese revolutionary literature. Movies belonging to this category draw their materials mainly from guerrilla activities against the Japanese rule. The first movie that comes under this category is "The Story of a Subunit Leader," Part 1 and 2, (1965). It depicts how the protagonists Ho Chol-man and Sim Hye-yong experience various social contradictions and finally set out on the road of revolution.

Of the movies depicting the activities of anti-Japanese guerrillas, "Five Guerrilla Brothers," Parts, 1, 2, and 3, (1968-1969), may be chosen as a masterpiece produced in the early period under Kim Chong-il's guidance. With the armed revolutionary struggle from 1933 through May Day in 1939 as its background, this movie depicts how the five brothers of the O Chun-ha family are awakened to revolution under Kim Il-song's leadership. Kim Chong-il may have sought to stir up an anti-imperialist sentiment and simultaneously emphasize the historical legitimacy of the North Korean regime by highlighting the activities of the anti-Japanese guerrilla forces.

Belonging to the second group are the movies based on the literary works written by Kim Il-song during the days of guerrilla warfare. The movies coming under this category include: "The Sea of Blood" (1968); "The Fate of a Member of a Self-Defense Team" (1970); "Flower Girl" (1972); "An Chung-kun Shoots Hirobumi Ito" (1979). "The Sea of Blood" depicts how the Ul-nam family is ruined under the Japanese imperialist rule and how the surviving members are awakened as revolutionaries in this process. "The Fate of a Member of a Self-Defense Team" depicts how Kap-yong, a member of the Self-Defense Corps, a cat's paw of Japanese imperialism, is awakened to national consciousness and turns himself into a guerrilla fighter. In "Flower Girl," the heroine Kkotbun sells "flowers of revolution," not flowers of tears, in her fight against the ruthless exploitation of her landlord under the Japanese rule.

Kim Chong-il urges filmmakers to devote themselves heart and soul to making film versions of Kim Il-song's literary works saying, "The works written by the leader himself are not only diverse in content and form but also serve as classic examples in their ideological and aesthetic excellence." The films based on Kim il-song's writings highlight his ability by publicizing that he created arts even during his guerrilla activities.

Star of Korea

Belonging to the third group are movies based on Kim Il-song's personal activities. Typical of this group are:

"The Star of Korea" in 10 parts (1980-1987); and "The Sun of the Nation" in four parts (1987-1990). The serial "The Star of Korea" is being praised in North Korea as a work "depicting the glorious revolutionary activities of the first leader of the working class in history." It depicts Kim Il-song's guerrilla activities, dealing with different themes in different parts. However, it mainly deals with Kim Il-song's activities on the basis of living individuals appearing in Kim Il-song's biography, as well as the loyalty of the people around him.

According to North Korean propaganda, Kim Chong-il himself originated the idea of filming "The Star of Korea," based on a "revolutionary anthem" in the days of anti-Japanese guerrilla warfare, and the film was produced and dedicated to the KWP Sixth Congress. North Korean propaganda also claims that Kim Chong-il provided guidance with foresight and clairvoyance down to minute details in making this film as he did with "Immortal History," a serial novel with a similar main theme. "The Sun of the Nation" depicts Kim Il-song's activities and the background surrounding the birth of Kim Chong-il, with the time frame from the years under the Japanese rule to liberation in its background.

Belonging to the fourth group are movies based on the genealogy of the Kim Il-song clan. They include: "Green Pine" (1984) and "Dawn" (1987), both depicting the life of Kim Il-song's father, Kim Hyong-chik; "What Happened in Her First Armed Unit" (1978) based on the life of Kim Il-song's mother, Kang Pan-sok; "Revolutionary Warrior," Parts 1 and 2, (1987), and "Everlasting Life" (1988), both based on the life of Kim Il-song's younger brother Kim Chol-chu; "Far Away from the Headquarters" (1987) and "Wait for Me" (1987), depicting the life of Kim Chong-il's natural mother, Kim Chong-suk. By making films based on the lives of his family members, Kim Chong-il may have tried to idolize Kim Il-song, and at the same time, to highlight his own ability by accentuating the superior quality of his lineage.

The fifth group consists of movies made with the purpose of stimulating the enthusiasm to work. Three-part "Always in the Same Mind" (1982- 1985), and two-part "Pioneers" (1984-1985) are typical of this group. "Always in the Same Mind" depicts the workers who led others in production with a strong labor zeal, patriotism, and loyalty to Kim Il-song despite the worst condition and the dire shortage of goods during the Korean war.

"Pioneers" revolves around the life of a retired army officer who turns poor soil into fertile farmland in the Mt. Paektu area. "Working Family," Parts 1 and 2, (1971), which depicts the life of a working family in a mining town, also falls under this category. Kim Chong-il highly evaluates "Working Family" as an artwork embodying the chuche idea.

Unsung Heroes, Yim Kokchong

The sixth group is made up of movies designed to implant anti-U.S. and anti-ROK sentiments in people's minds. Most of the movies belonging to this category are based on the Korean war or deal with U.S. and South Korean spies. "Wolmido" (1982), regarded as a typical North Korean war movie, depicts the loyalty to the state and Kim Il-song demonstrated by the members of the North Korean unit that defended the Wolmi Island to the end for three days against the Inchon landing operation of U.S. and other allied forces during the Korean war.

"Unsung Heroes," a 20-part serial produced in the 1979-1991 period, depicts the activities of North Korean agents operating in the South before and after the armistice was signed. This series, shot at the rate of one each every 45 days, is regarded as a typical movie embodying the Kim Chong-il-initiated "Speed Battle." North Koreans praise the prototypes in this series as models of "loyalty." Kim Chong-il is credited with being the first to come up with the idea of making this series.

The seventh group is aimed at publicizing the superiority of the North Korean regime. "Bellflower," which won the grand prize at the 1987 Pyongyang Nonaligned Film Festival, depicts the process of turning a mountainous area into a paradise. "The Country as I have Seen It" (1988) stresses the superiority of the North Korean regime through the eyes of a Japanese reporter. "Love Song" (1982) describes the superiority of the North Korean medicare system through the lives of the nurses of Pyongyang Maternity Hospital. "With One Mind" (1988) depicts the state emergency action to save a patient on the verge of death in a remote area. These films were produced according to Kim Chong-il's instruction that "life need be described as it is." As a result, they present some negative aspects of North Korean society as well, but they end up demonstrating the superiority of the North Korean regime.

The eighth group highlights some seamy sides of the South Korean system. "Growing Up," Part 1 and 2, (1965), reputed to be the first movie produced under Kim Chong-il's guidance, depicts the real situation in South Korea about the time of the 19 April student uprising. This move highlights the superiority of the North Korean regime by depicting how South Korean college students fighting against the Syngman Rhee regime, a puppet of the United States, gradually come to realize that the North Korean system would be the only alternative.

"The Nation and Destiny" may be typical of this group. The production of this serial movie began in 1992 and is scheduled to have 50 parts altogether. Currently, the first 16 parts have been completed. This laborious work deals mainly with those who were born or previously lived in South Korea. As heroes or heroines, it has Choe Tok-sin in Part 1 through 4; Yun I-sang in Part 5 and Parts 14 through 16; Choe Hong-hui in Parts 6 through 10; Yi In-mo in Parts 11 through 13. This movie is also in line with Kim Chong-il's instruction to make a serial movie on the basis of the North Korean popular song "Our

Country Is the Best." It was chosen as a movie dedicated to Kim Il-song's 80th birthday.

The ninth group includes the film versions of classic works, such as: "The Tale of Chunhyang" (1980); "The Tale of Ondal" (1986); "The Tale of Hong Kil-tong" (1986); four-part series "Yim Kkokchong" (1987-1989). It is characteristic of these movies that although adaptations of classics, they are aimed at highlighting problems facing the feudal system. However, they have an entertainment value at the same time because they contain some elements of an action movie.

Lastly, there are some movies produced by Sin Sang-ok and Choe Un-hui. Kim Chong-il himself acknowledges the fact that North Korea kidnapped a top movie director and a top movie actress from South Korea in order to improve the standard of the North Korean industry.. That is why Kim Chong-il supported the two wholeheartedly with their moviemaking. The movies produced by Sin Sang-ok and Choe Un-hui during their stay in North Korea include: "Emissary Who Never Returned" (1984), based on the martyr Yi Chun; "An Escape Account" (1984), a movie version of a novel by Choe So-hae written during the Japanese rule; "Tens of Thousands of Ri Along the Railway" (1984), the story of a locomotive engineer family spanning two generations; "Remain Separated Indefinitely" (1985), depicting the problems of separated families; "Kwangju Beckons" (1985), based on the student uprising in Kwangju; and "Salt" (1985), depicting the anti-Japanese struggle in Manchuria.

Taste in Films Becomes Springboard for Succession

As examined above, Kim Chong-il has been involved in most of the movies produced since the 1960's. On the basis of the substance of these movies, Kim Chong-il's position on movies may be characterized as follows:

First, he placed the main emphasis on strengthening the greatness of his father, Kim Il-song. He has had primary interest in making movies based on the activities of anti-Japanese guerrilla fighters, movies such as "The Star of Korea" and "The Sun of the Nation." All movies, from those publicizing the North Korean system to war movies, invariably have contents that highlight Kim Il-song's greatness. Stressing the need to produce more movies based on Kim Il-song's activities, Kim Chong-il says: "Literary works portraying the leader are not only small in number but also poor in quality on the whole, except some pieces... Revolutionary literature portraying the leader should be at the core of literature as a whole."

At the same time, in his guidance in movie production, Kim Chong-il has attached the foremost importance to turning Kim Il-song' literary works into movies as is the case with "The Sea of Blood," "Flower Girl," and "The Fate of a Member of a Self-Defense Team." Kim Chong-il did not stop at making movie versions of Kim Il-song's literary works but went further and turned them into "revolutionary operas." For instance, in the case of "The Sea of Blood," it was made into a movie in 1969, into an opera in 1971, and into a rewritten novel in 1974. Kim Chong-il gave personal guidance in this process.

Judging from the peculiarities of the North Korean regime which puts stress on the unitary ideology system, it may be quite natural that North Korea kept Kim Il-song in the limelight. But by leading this campaign, Kim Chong-il has consolidated his own position as heir apparent. By making movies based on his grandparents, uncles, and mother, Kim Chong-il has tried to highlight not only Kim Il-song's greatness but also the fine quality of his lineage, and parade his own ability.

Second, through the movies made on Kim Chong-il's initiative, we see that Kim Chong-il has an adequate ability to deal with the prevailing situation at a given time. From the mid-1960's when he began to build his career in filmdom through the 1970's, Kim Chong-il concentrated his efforts on portraying Kim Il-song on the screen and making film versions of Kim Il-song's literary works. While putting emphasis on making movies based mainly on the guerrilla force, Kim Chong-il naturally played a part in idolizing Kim Il-song. Most probably, Kim Il-song may have found such effort on the part of Kim Chong-il satisfactory. Kim Chong-il probably found it necessary to show loyalty to Kim Il-song, although theirs was a father-son relationship, in order to be designated as the future successor. Accordingly, it may be surmised that the "revolutionary works" produced on Kim Chong-il's initiative played a part in consolidating his political stature.

By all indications, since he was designated as future successor, Kim Chong-il has paid primary attention to making movies that stress the superiority of the regime or the zeal to work rather than movies based on anti-Japanese revolutionary literature. In 1980 and the ensuing years, he made movies based on Kim Il-song's family tree in an effort to justify the dynastic succession, and at the same time, stressed the need to make movies of high entertainment value so that North Koreans might enjoy seeing them.

However, beginning in the latter part of the 1980's during which the Soviet Union and East European socialist countries collapsed, he showed a tendency to place emphasis on making movies highlighting the anti-Japanese revolution. For instance, beginning in 1987 when the last part of "The Star of Korea" was completed, he undertook to film the multipart serial movie "The Sun of the Nation." As mentioned earlier, the shooting of "The Star of Korea" began in 1980.

Preference for Laborious Works, Broad-Based Politics

In assessing Kim Chong-il's ability to deal with a given situation, "The Nation and Destiny," a multiple series currently being filmed, is of great importance. This film has many scenes that show the current situation in South Korea through South Korean defectors to North Korea, former long-time South Korean convicts now living in

North Korea, pro-North Korean personages, etc. Although highlighting the seamy side, this series uses South Korean and foreign popular songs as background music and depicts the luxurious life-style of the South Korean upper class. In this sense, this film marks a striking departure from the old North Korean movies.

"The Nation and Destiny," like other North Korean movies, ultimately stresses the superiority of the North Korean regime. But it actively presents on the screen life in South Korea, and this is a characteristic of present-day movies that was never found in the old movies. This may be interpreted as signifying that with partial opening to the outside world in his mind, Kim Chong-il is indoctrinating the people in a new form, with a view to preserving the regime in the changing circumstances.

Third, Kim Chong-il has a preference for laborious multipart movies. The bulk of the works considered major ones are two or three-part series, and many of them are four- or five-part series. "The Star of Korea" is a 10-part series, "Unsung Heroes" a 20-part series, and "The Nation and Destiny," part of which is currently being shown, will have 50 parts altogether. Depending on the films, some parts are subdivided into two. All this indicates that Kim Chong-il prefers films having a colossal scale.

Kim Chong-il calls these laborious serial films "revolutionary masterpieces." It is possible to make these kinds of large-scale movies because in his words, "the Korean revolution has moved forward on such a large scale and in such depth as unprecedented in the history of mankind." He also thinks that large-scale films have a a greater effect on the people as a tool of indoctrination.

His preference for colossal movies may have something in common with Kim Chong-il's so-called "broad-based politics" touted by North Korea. Just as he erected huge edifices such as the Arch of Triumph and Yugyong Hotel in Pyongyang, he prefers large-scale movies. In this same vein, Kim Chong-il admonished the timidity of scenario writers and urged them to write "bold" scripts. By preferring colossal films and criticizing the timidity of moviemakers, Kim Chong-il may be trying to present himself as a bold leader.

Fourth, from the way he provides guidance in filmmaking, it is apparent that Kim Chong-il interferes in even small details. In North Korea he is praised for his aesthetic talent by claiming, "while listening to a complicated piece of music played by a large orchestra during a rehearsal, he can instantly tell the half tone difference the player erroneously made." He interferes in the whole gamut of filming- -the scenario, acting, production, music, and art. He even instructs producers not to speak impolitely to actors and actresses, and even prepares a detailed guideline for script writers to follow so that they may turn out fine pieces of work.

Mixture of Recklessness, Circumspection

Fifth, basically, Kim Chong-il may be said to be ideology-inclined in the sense that he highly valuesy movies embodying the chuche idea. But at the same time, he shows a liberal stance toward the outside world. For instance, pointing out a lack of ideas on the part of movie script writers, he urges them to read collected works of world literature. He tells them to study Decameron, for instance. He ordered the "kidnapping" of Sin Sang-ok and Choe Un-hui to overcome the backwardness of North Korean filmdom and actively helped them with their creative activities while in North Korea. As is the case with "Hong Kil-tong," "Il Chi-mae," and "Yim Kkokchong," techniques used in action scenes are similar to those used in Hong Kong martial arts movies.

It may be because he has seen many movies of Western countries, including South Korea, that Kim Chong-il's attitude toward the outside world is relatively flexible. This propensity may be a clue to the possibility that he will accept advanced cultures from the outside world depending on circumstances.

That Kim Chong-il has attached importance to filmmaking from the early stage of his social life up until now, may have something to do with his personal background. He became attached to movies because of his family circumstances—his natural mother died when he was young and he grew under the care of his stepmother. He may have found that movies were where he could give full play to his talent.

However, considering the political significance movies generally have in socialist countries, as well as the political utility of movies under the peculiar cultural circumstances in a North Korea segregated from the outside world, the fact itself that Kim Chong-il attaches importance to movies may be viewed as a politically rational behavior. (In fact, seeing movies is a typical entertainment for North Koreas, and movies account for 40 percent of the TV time.)

From the fact that Kim Chong-il has pursued an appropriate movie policy suitable to the circumstances at a given time, we may assume that he has a rational political ability.

One of Kim Chong-il's propensities as reflected in North Korean movies is an antinomic combination of recklessness and circumspection. He tries to find political and aesthetic utility in colossal movies, and by stressing the Speed Battle, presses filmmakers to produce movies as quickly as possible. If this shows his reckless side, his interference in minute details of each aspect of film production may be indicative of his circumspect side.

This antinomic personality could be helpful in producing ideal results in an undertaking on the whole, even in its detailed aspects despite its colossal scale. On the contrary, he could be so overly concerned with details that he might end up producing unbalanced and ineffectual sociopolitical results.

As seen through movies made on his initiative, Kim Chong-il leans more toward change than Kim Il-song. He calls for firm adherence to the chuche ideology, but he prefers works based on new ideas as long as they embody the chuche ideology, and is very critical of works that follow in the steps of the past. We would say it was in this same mental frame that he has exerted efforts to uncover new materials, and since the regime attained stability, he has produced a variety of films.

Stressing "people-orientedness," Kim Chong-il does not rate any film that people do not like as a good movie even if it has a high ideological value.

One may call this an attitude that attaches importance to feedback in the process of getting ideas across. Considering the fact that he has a full understanding of the outside world, although obtained through foreign movies, we would say that there is the possibility that he will take a more active initiative in reforming the regime.

Domestic Firms Anticipate Inter-Korean Tie-Up

SK1610051594 Seoul THE KOREA HERALD in English 16 Oct 94 p 8, 10

[FBIS Transcribed Text] As the United States and North Korea are about to sign a final accord on halting the latter's nuclear program, domestic firms are looking forward to an early promotion of a full-scale inter-Korea economic tie-up.

According to North Korea watchers here, the Seoul government is highly likely to permit domestic firms to muscle into North Korea shortly after Washington and Pyongyang reach a final agreement at the Geneva talks.

Deputy Premier and Unification Minister Yi Hong-ku Friday [14 October] said the government has decided to accept the outcome of the expected U.S.-N.K. Geneva accord will soon consider allowing domestic businessmen to visit North Korea.

"I expect the government to take steps soon to allow domestic firms to enter North Korea as it worries that foreign enterprises may rush in before them," a North Korea watcher said.

"Press reports about Western firms' visits to North Korea for investments appear to be promoting the Seoul government to promote a full-scale inter-Korea economic tie-up," a Korea Trade Promotion Corp. (KOTRA) official said.

As its first step toward a full-fledged inter-Korea economic tie- up, the government is expected to allow domestic firms to invest in North Korea through their overseas subsidiaries, a Lucky-Goldstar International Corp. (LGIC) official said.

"The National Unification Board has recently submitted to Chongwadae [presidential office] a plan to permit domestic firms to advance into North Korea via their localized overseas subsidiaries," said the LGIC official on condition of anonymity.

Accordingly, domestic firms are again scrambling to hammer out investment projects in North Korea. In particular, the Lucky- Goldstar Business Group expects that if things go well, it will be able to take over the management of the Kimchaek Steel Mill, the largest steel mill in North Korea.

"If a full-fledged inter-Korea economic tie-up becomes a reality, Lucky-Goldstar can emerge as the most reliable business partner of the Pyongyang government," said the group official.

The Samsung Business Group also is preparing to push its projects to invest in the fields of consumer goods, electronics and construction in the Stalinist country, a high-ranking group official said.

"As planned, we will push for the project to construct a railway linking China and the Najin-Sonbong free economic and trade zone," commented the Samsung official who wanted to remain anonymous.

The Samsung Business Group also has plans to set up a plant to produce electronic parts and TVs in the trade zone and to take part in North Korea's project to develop Chongjin Port on the northeast coast.

The Daewoo Business Group plans to focus initially on light industry as it has already built an industrial complex in Nampo in the vicinity of Pyongyang, said a group official.

Tourism Facility Investment in North Under Study

SK1910010194 Seoul THE KOREA TIMES in English 19 Oct 94 p 3

[FBIS Transcribed Text] The Korea National Tourism Corporation (KNTC) will soon conduct a feasibility study on investment in developing tourism facilities in the Najin and Sonbong free trade area in North Korea.

The study has been pushed in anticipation of a big tourism market emerging with inter-Korean trade to be stepped up in the future and maritime and air routes to be opened.

Earlier this month, the KNTC submitted its plan to the Science- Technology Ministry for approval, which is pending at the moment. According to the plan, the study will be conducted from March to December next year with its final results to be forwarded to the UNDP (United Nations Development Program).

There are no major tourist resorts near the Tumen River but North Korea plans to construct a mammoth maritime resort in the near future. Especially, an airport is to open around the area.

The KNTC has its eye on initially attracting tourists on cruisers from Japan and Southeast Asia along with investment in accommodations and tourism facilities on coastal areas. In the long term, it will aim to make the area a stopover for China-bound tourists.

Korea has made a proposal to North Korea to allow foreign tourists to travel through the truce village of Panmunjom on a few occasions without success.

ADB Head: North Informally Sought Membership

SK1610051994 Seoul THE KOREA HERALD in English 16 Oct 94 p 8

[FBIS Transcribed Text] North Korea has informally sought membership of the Asia Development Bank (ADB), the bank's president said in Seoul Thursday [13 October].

Attending an international stock exchange meeting, ADB president Mitsuo Sato said that last March, the regional financial lending institution had informal contacts with North Korea regarding the possible membership of the ADB and that Pyongyang has yet to make a formal membership request.

The bank explained to North Koreans that the ADB membership requires consensus among all 55-member nations, including South Korea, he said.

The North is known to be still interested in becoming a member. There have been reports that North Korea is seeking to improve relations with international financial institutions to help revive its ailing economy.

South Korea, ADB member donating to development funds, has urged the international community not to provide economic benefits to the North until it resolves the international suspicion that it is developing nuclear weapons.

European Enterprises Move To Invest in DPRK

SK1510060294 Seoul THE KOREA TIMES in English 15 Oct 94 p 8

[By staff reporter Sa Tong-sok]

[FBIS Transcribed Text] European enterprises have been activating their contacts and pursuing business negotiations with North Korea as the latter makes efforts to attract foreign capital to the Najin-Sonbong free economic and trade zone.

A German trade mission is allegedly visiting Pyongyang now to discuss the issue of establishing a North Korean trade liaison office in Duisburg City, Germany, according to a report from the Korea Foreign Trade Association's office in Dusseldorf.

The mission, led by Dr. Lenin, director of the Information Institute on North Korea, consists of officials from 10 large German businesses including the Deutsche Bank and Dresdner Bank.

The report said the mission is now negotiating with the Pyongyang government to set up the liaison office in Duisburg City.

An official at the Korean-German Chamber of Commerce and Industry (KGCCI) also yesterday confirmed the report that KGCCI secretary general Florion Schuffner will visit Pyongyang next week.

The official said Schuffner will leave here for Pyongyang Oct. 17 but refused to give further details, saying, "I have no further information."

Jan Bosma, head of Internationale Nederlanden Bank (ING) Seoul of the Netherlands, revealed on Thursday that he visited North Korea during the Chusok holidays in September to gather information about the investment climate there.

During his five-day visit to the hardline communist state, Bosma met with officials of North Korea's Committee for Promotion of External Economic Cooperation which is responsible for encouraging foreign investment in North Korea.

"I got the impression that the North is very keen about attracting foreign investment in the Najin-Sonbong free economic and trade zone," Bosma was quoted as saying.

Bosma said it was proposed during his stay there that they establish a joint-invested bank in North Korea. "But I said neither 'yes' nor 'no' to the North Korean proposal," he said.

He said he had felt while in Pyongyang that other European bank officials had already visited North Korea on several occasions.

The European Community Chamber of Commerce in Korea is also jumping on the North Korean bandwagon.

Chamber Chairman Alan Twist disclosed a plan to dispatch a mission to North Korea to survey the investment climate there in a seminar on the Najin-Sonbong free economic and trade zone held at the Renaissance Seoul Hotel Tuesday. Twist, however, did not give further details of the plan.

At the seminar, members of the chamber called on European companies to pay more attention to North Korea, saying "We would lose the initiative if we were slow to contact North Korea."

The chamber had invited Yim Tae-tok vice chairman of the North's Committee for the Promotion of External Economic Cooperation, to attend the seminar. He was unable to do so because of the South Korean government's opposition to the plan pending the nuclear issue's resolution.

With regard to the rush of European banks and enterprises to the North, the South Korean government has attached the preconditions that even foreign enterprises operating in South Korea should be subject to domestic law.

Accordingly, the EC [European Community] Chamber of Commerce in Korea, if it intends to send an official mission to North Korea, must obtain approval from the National Unification Board, Korean government officials say. The chamber has reportedly placed an inquiry with the board concerning the matter.

U.S. Senator Sam Nunn Arrives in Seoul 18 Oct

SK1810112794 Seoul YONHAP in English 1111 GMT 18 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 18 (YONHAP)—U.S. Sen. Sam Nunn, chairman of the Senate Armed Services Committee, flew into Seoul Tuesday evening to discuss with government leaders issues related to the security of Korea in the wake of nuclear settlement between his country and North Korea.

Nunn, who accompanied U.S. Secretary of Defense William Perry to his recent China visit, would lunch with Foreign Minister Han Sung-chu Wednesday and exchange opinions with him on ways to further strengthen the Korea-U.S. cooperative system.

The senator would also meet with American Ambassador James Laney before leaving the country Wednesday evening, a diplomatic source said.

Meets President, Asserts Commitment

SK1910044594 Seoul KBS-1 Radio Network in Korean 0420 GMT 19 Oct 94

[Report by (Yi Nae-su) from the Radio Information Center—live]

[FBIS Translated Text] On the morning of 19 October, President Kim Yong-sam received Sam Nunn, chairman of the U.S. Senate Armed Services Committee, and exchanged opinions on security matters and other issues.

During the meeting, Chairman Sam Nunn stated he had stressed to Chinese leaders during his visit there that the U.S. defense commitment to the ROK would continue without any negligence under any circumstances.

Seoul, China Initial Nuclear Cooperation Pact

SK1910003294 Seoul YONHAP in English 0022 GMT 19 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 19 (YONHAP)—South Korea and China have initialed a nuclear energy cooperation pact in Beijing, the Foreign Ministry said Wednesday.

The pact is said to include means of working together in nuclear technology and facility construction and open the way for South Korea to export to China.

It lays down safety measures against nuclear accidents, joint research areas and exchanges of nuclear experts, officials said.

The two countries are expected to sign the accord during Chinese Premier Li Peng's visit to Seoul from Oct. 31 to Nov. 4.

Plan TV Technology R&D Group

SK1710141094 Seoul YONHAP in English 0256 GMT 17 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 17 (YONHAP)—South Korea and China have agreed to form a working group for research and development on High-Definition Television (HDTV) technology, the Trade, Industry and Energy Ministry announced Monday.

Under the agreement reached in the first meeting of the HDTV subcommittee of the Korea-China Industrial Cooperation Committee that opened in Seoul last Monday, the working group will select research and development projects at a future meeting.

The group will be co-chaired by the electronic consumer goods division director of Korea's Trade, Industry and Energy Ministry and the vice director of the overall regulation department of China's Electronics Industry Ministry.

It will hold its first meeting in Beijing before April of next year, when the Korea-China industrial cooperation committee meets there, the announcement said.

The Electronics Industry Association of Korea was named as the working group's Korean point of contact and the High-Definition Television Corp. as the Chinese point.

The two countries also agreed to use the HDTV subcommittee as a deliberative body recommending plans to promote bilateral cooperation in the electronics industry to the Korea-China Industrial Cooperation Committee and to hold regular subcommittee meetings at least once a year.

South Korea and China will gradually promote bilateral cooperation in the digital videocassette recorder, video compact disk, facsimile and photoelectron industries based on the progress of cooperation in the HDTV area, ministry officials said.

Cabinet Approves Provisional PRC Air Agreement

SK1810071194 Seoul YONHAP in English 0659 GMT 18 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 18 (YONHAP)—The cabinet gave the go-ahead Tuesday to a provisional agreement on civil air transport between South Korea and China.

The provisional agreement is expected to be officially signed and take effect when Chinese Prime Minister Li Peng and Foreign Minister Qian Qichen visit Seoul on Oct. 31.

The two nations reached the provisional accord at a working-level meeting held in Seoul on July 27.

Under the agreement, airlines designated by the two governments will have the right to fly through the air space of the other country and to establish branches there.

The two governments will exempt airline companies of the other country from tariffs on aircraft equipment, parts, fuel and lubricating oil.

Meanwhile, the two nations already announced that they had decided on air routes on Aug. 18.

President Meets With British Trade Secretary

SK1710141194 Seoul YONHAP in English 0638 GMT 17 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 17 (YONHAP)—President Kim Yong-sam received British Trade Minister [title as received] Michael Heseltine at his Chongwadae [presidential] office Monday and discussed ways of promoting bilateral economic cooperation.

Kim, expressing his gratitude for the British Government's support in the "Britain salutes Seoul 600" program, conducted as part of the capital's 600th anniversary celebrations, called for increased economic cooperation between Seoul and London, Chongwadae spokesman Chu Ton-sik said.

To this end, Kim stressed, the British Government and private sector should pay more attention to economic links with South Korea.

When Heseltine suggested that a Korean-British joint venture in aircraft would lead to British supply of aircraft parts and technology to South Korea and to joint investment in third countries, Kim agreed, saying their two nations should cooperate in the aircraft industry and promote joint investment in third countries.

Responding to Prime Minister John Major's invitation to visit Britain next spring, conveyed through Heseltine, Kim said he would study it and talk with major about related matters through official channels.

Heseltine is in the capital, leading some 20 British business people, to participate in the Britain salutes Seoul 600 program. He will be leaving Tuesday.

President Congratulates German Chancellor Kohl

SK1810114894 Seoul YONHAP in English 1056 GMT 18 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 18 (YONHAP)—President Kim Yong-sam on Tuesday cabled felicitations to German Chancellor Helmut Kohl on his victory in the recent general elections.

In the message, President Kim said he believes Kohl's victory was the result of national unification and economic and social stability Germany attained under his leadership.

Expressing the belief that the cooperative relations between South Korea and Germany would be further expanded during the term of a new German cabinet, President Kim hoped he would have an opportunity to meet Chancellor Kohl in the near future to discuss matters of mutual concern.

Industries' Advancement Into India Said Brisk

SK1710142394 Seoul YONHAP in English 1102 GMT 17 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 17 (YONHAP)—Business advancement to India by South Korean industries has been brisk since July 1991 when India began to promote a new economic policy.

A material prepared by the Korea Trade Promotion Corp. [Kotra] showed on Monday that Korean industries' direct investment in India jumped from 4,700,000 dollars in 16 projects over a period from 1982 to July 1991 to 31,500,000 dollars in 55 projects from August 1991 to last May.

Korea's exports to India reached 1.8 billion dollars in 1993, a three-time increase over the previous year, according to the Kotra material.

Tunisian Official Urges Exchanges of Delegations

SK1510041494 Seoul THE KOREA HERALD in English 15 Oct 94 p 8

[FBIS Transcribed Text] Visiting Tunisian Minister of International Cooperation and Foreign Investment Mohamed Ghannouchi yesterday expressed hope that exchanges of business delegations between Korea and Tunisia will further increase to pave the way for a fruitful and substantial partnership in the commercial and industrial fields.

As the pace of privatization in Tunisia accelerates, more opportunities will be offered to foreign investors, he said disclosing that during the first nine months of this year the number of joint ventures in his country increased by 34 percent over the 1993 total.

He noted that the two countries have already signed many agreements related to economic and technical cooperation, the encouragement and protection of investments, avoidance of double taxation and the waiving of visa requirements on their respective nationals to pave the way for an acceleration of two-way trade and other commercial ties.

Ghannouchi made these and other points when he met with Chong In- yong, chairman of the Halla Business Group over a luncheon which Chong hosted in his honor at the InterContinental Hotel. Tunisian Ambassador

Brahim Khelil and Chong Mong-won, vice chairman of the Halla group also attended the function.

He sounded out the possibility of Halla advancing into Tunisia in manufacturing industries including the cement and machinery sectors.

"The average annual flow of foreign investment into Tunisia represents 15 percent of total private investment made in the country. This trend will be further consolidated when a new investment code comes into effect January this year, he disclosed. [quotations as published]

Projections for foreign investment under the eighth Economic Development Plan (1992-1996) have so far been met with some sectors achieving better results than expected, according to Minister Ghannouchi.

"Tunisia could serve as gateway for Korean companies wishing to obtain access to new markets in Europe, Africa and the Middle East," stressed Ghannouchi whose visit to Korea, the first at this level since the establishment of a Tunisian resident embassy in Seoul in 1990.

Private Korean investments are advancing slowly but steadily in Tunisia. Presently, five Korean companies including Samsung and Goldstar, are operating there, Hyundai is reportedly considering entering the country by taking over one of the Tunisian state-run companies that is to be privatized.

Minister Ghannouchi flew into Seoul Thursday for a three day visit. He met with Minister of Trade, Industry and Energy Kim Chol- su earlier in the day to discuss ways to further promote trade exchange and industrial partnerships among private sectors under the framework of the Economic Development Cooperation Fund (EDCF).

He also had a series of meeting with leaders of major Korean economic organizations including Korea Trade Promotion Corp. and the Small and Medium Industry Promotion Corp.

IMF Director Pledges Attempt To Expand Quota

SK1510000994 Seoul YONHAP in English 1032 GMT 14 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 14 (YONHAP)—President Kim Yong-sam on Friday [14 October] asked for and gained a pledge from the International Monetary Fund (IMF) to try to increase South Korea's IMF quota.

While meeting with Michel Camdessus, visiting IMF managing director, at Chongwadae [presidential offices], President Kim suggested that the IMF readjust South Korea's quota in line with the surging economic ability of Korea.

"With our current share in the IMF, we are unable to contribute to the world economy properly," Kim said.

Camdessus readily echoed the president's view. "My belief is that South Korea should take part in IMF programs more positively," he said. "I will try to increase Korea's quota when country quotas are readjusted next year."

The IMF head said that when South Korea's quota is raised, Korea would be able to contribute much to the economies of developing countries as well as to world economy.

A Chongwadae official said South Korea's current IMF quota accounts for mere 0.55 percent of the total contributions reaching 205.6 billion dollars.

"Our judgment is that in view of our economic ability, our share should be raised to at least 1.5 percent," the official said.

Confusion in Laws Pertaining to Residency Noted

SK1510052494 Seoul THE KOREA TIMES in English 15 Oct 94 p 9

[FBIS Transcribed Text] Foreigners are confused about Korea's definition of residency, which is different, depending on the law.

Foreigners must understand the nation's complicated definitions of the residency concept unless they wish to become trapped in violating the Korean laws.

Three different laws, the Foreign Exchange Management Act, the Tax Law and the Securities & Exchange Act, have different interpretations of the concept of residency. Under the Securities & Exchange Act, residents are those individuals who have either worked with local business units for more than one year or who have lived here for more than two years.

In the case of corporations, residents are those which have established headquarters here for more than one year or those local units of foreign companies which have been in business for more than two years.

But the Foreign Exchange Management Act interprets the residency concept differently. Foreigners who have stayed more than six months or foreign soldiers and their dependents here are regarded as "residents." It also said headquarters of foreign firms, foreign- invested corporations, branches and liaison offices are to be interpreted as residents under the Foreign Exchange Management Act.

Further puzzling foreigners is the Korean tax law, which categorizes foreigners living here more than one year or foreign firms doing business here as residents.

The conflicting interpretation of the concept of foreign residency sometimes makes Korea's much-touted slogan of national treatment of foreigners meaningless, Western bankers said.

A Western bank official said, "When we invest in stocks, we are subject to the residency concept in the Securities

& Exchange Act. When we engage in foreign exchange business, we must understand the residency concept in the Foreign Exchange Management Act. When we pay tax, we must understand the residency concept in the Tax Law."

They say the different interpretation of the concept of residency makes their business difficult and sometimes waters down the Korean government's commitment to grant national treatment status to foreigners doing business here.

Unification of the residency concept is necessary in keeping with international practices, they said.

Finance Minister Pak Chae-yun said Wednesday [12 October] that foreigners residing here will be able to invest in Korean stocks on an equal footing with Korean nationals and their investment will be free from the aggregate foreign stock ownership ceiling from next year.

His statement does not necessarily mean all foreigners here will be free to invest in local stocks, without being subject to the aggregated foreign stock ownership ceiling.

First, foreigners must check whether they are categorized as residents by the Securities & Exchange Act. Second, they must apply to the Securities Supervisory Board for "national treatment." Their money invested in Seoul stocks and gains arising from the investment cannot then freely move outside Korea until they leave the country.

President's 18 Oct Policy Speech at Assembly

SK1910094494 Seoul KBS-1 Television Network in Korean 0507 GMT 18 Oct 94

[Policy speech by President Kim Yong-sam read by Prime Minister Yi Yong-tok at the National Assembly in Seoul—live]

[FBIS Translated Text] Esteemed National Assembly Speaker and assemblymen: I deem it to be very significant to present a budget bill for 1995 to the National Assembly and to elaborate on the direction of the management of next year's state affairs and major policies today. The year 1995 is the middle year after the civilian government set sail. In the upcoming new year, through continuous reforms in overall state affairs and through the strengthening of the state's competitiveness, I will firmly deepen the foundation for building a new ROK, which the government has promised to our people.

Assemblymen: Since I assumed office as the president, I have devoted myself to rectifying wrongs in our society and to pioneering a bright future for the country. Thus far, all of us have effected so many changes. The punishment of irregularities and corruption, political reform, the registration of government officials' property, and the enforcement of the real name financial transaction system, which have been carried out in an effort to build a clean government, were the tasks that had not been put into practice in the past.

Today, a national spirit and energy are reviving again in this land, and our country's image is rapidly enhancing in international society. Our society is now overflowing with new spirit and energy. Our economy, which was stagnant in past years, is now regaining fresh vitality, and a firm foundation capable of achieving a new economic leap has been provided.

However, it is not easy to sweep away deep-rooted evils in a short period of time and to build a bright and healthy country.

The antisocial incidents that took place recently have greatly shocked all of us. Moreover, the corruption and irregularities committed by some government officials show that chronic irregularities and corruption still remain in our society. Our reform to build a clean and healthy society and a dignified country in the rank of advanced countries should continue without letup.

The next year, 1995, is a significant year marking the 50th anniversary of national liberation. It is a year in which we should keenly look back upon our history of half a century, should check the tasks of the times that we should fulfill, and, thus, should make a new start toward a bright future. We should exalt our dignity as proud Koreans and should build a community of reconciliation and participation. Thus, we should advance toward the world and future.

Today, as the 21st century approaches, we are faced with a new challenge called a limitless competition without borders. All countries of the world are directing all their energies to cope with this challenge by establishing their own strategies. Faced with this era of upheaval, we are actively strengthening the state's competitiveness internally and are pushing ahead with active internationalization externally.

The upcoming 21st century has a greater historic meaning than the mere start of a new century. This means that the 21st century should achieve the two historic tasks, reunification and entering into the advanced economic sphere. Therefore, the years to come are considered to be a very important period that will determine the fate of our country. This is why our attitude toward, and preparations for, state affairs in the future should be more resolute than ever before. Let all of us make the new year, 1995, a new starting point for reform and advance toward the world and the future.

Firmly vowing to make today's challenge an opportunity for the nation's prosperity, I will mention the direction of the next year's state affairs by sector.

First, I will discuss the political sector. Politics that correctly lead our history and give hope to the people have been our people's protracted desire. In the past we lived in a dark era in which people distrusted politics because of the politics of conflict, which wasted national power. Since the civilian government set sail, however, our politics has changed its appearance. I highly assess that the National Assembly took a giant step toward political innovation through the revision of political-related laws in an effort to carry out bold political reform.

With the establishment of the foundation to enhance morality in politics and productivity in the National Assembly, our people's confidence in, and expectation toward, politics have been further enhanced. Clean politics begin with clean elections. The midterm elections of national assemblymen, which were conducted last August under a new election law, were indeed clean and unprecedented in history. Arguments on involvement of government power and electioneering using black propaganda activities disappeared. The midterm elections showed that the revolution in elections that our people have desired so much is possible.

However, what is important is now. The four major local elections to be conducted in June of next year will be a touchstone that determines advanced politics in our country. The government will never tolerate any illegal election practices. The government will strictly enforce the election laws at any cost to create a clean and fair election climate in this country.

Assemblymen: With the local elections next year as an occasion, we will enforce the local autonomy system both in name and reality. By doing so, the final task to achieve democratization will be put into practice.

With the earnest enforcement of the local autonomy system, our democracy will jump one step higher, and the state's development will have a new vitality. The era of local autonomy in which local residents become a main force will open wide. The government is making full preparations to open an era of substantial localization. In particular, in an effort to make the enforcement of the local autonomy government system an opportunity to vitalize the development of local communities and to strengthen the state's competitiveness, the government is actively mapping out measures to specialize local administration and to promote enterprise management ability. The government is also working out measures to prevent provincialism and confusion in administration, which may take place after the elections of chiefs of local autonomy bodies.

The reorganization of local administrative districts, which the government has been promoting, will remove the inconvenience for residents residing in different administrative zones in the wake of today's rapid industrialization and urbanization to promote the efficiency of local administration, and, thus, to accelerate local development.

A plan for administrative reorganization and integration in 33 cities and counties has been carried out since the early part of this year. The second-stage administrative district reorganization plan, to be conducted following the above-mentioned plan, includes the expansion of the district containing Pusan, Taegu, and Inchon cities, which are overpopulated; the rearrangement of boundaries between local autonomy districts; and the division of local autonomy districts that are overpopulated. This second-stage reorganization and integration plan will be finished before the local elections scheduled next year.

Next, I will mention the matters of reunification, diplomacy, and security. Today, half a century since our country was divided, the circumstances of our reunification have met the phase of an important turning point. Various developments in North Korea, including Kim Il-song's death, and its subsequent power succession, have led North-South relations to be in a state of flux more than ever before.

On 15 August, I announced a comprehensive [chonghapchok] reunification policy plan to cope with the new situation in North-South relations. Here I clearly declared our stance that reunification should be achieved in a gradual and phased manner and in the direction of building a national commonwealth. I presented an advanced democratic state, which takes freedom and democracy as the basic philosophy of reunification and which guarantees freedom, welfare, and human dignity for all members of the nation as the future's image of reunification.

Next year, we will greet the 50th anniversary of national liberation. On this occasion, all people should pool their will and open the era of one nation of 70 million. Since North Korea's declaration on the withdrawal from the Nuclear Nonproliferation Treaty [NPT] in March of last year, the North Korean nuclear issue has been a factor threatening peace and security not only on the Korean peninsula, but also in the international community. It has also become the biggest stumbling block in reconciliation and cooperation between the North and the South.

The agreement reached this time between the United States and North Korea is a result of the joint efforts that the ROK and the United States have consistently made under the basic goal of solving the nuclear issue through dialogue and of the active support and cooperation by the international community, including the United Nations.

As North Korea, in the current Geneva agreement, has agreed to accept the international community's obligation to guarantee nuclear transparency, to immediately freeze all nuclear activities, and to dismantle related facilities, a foundation for a complete solution to the nuclear issue and for maintaining stability and peace on the Korean peninsula has been provided.

Through the current agreement North Korea has also promised to implement the joint declaration for denuclearization of the Korean peninsula and to resume North-South dialogue. In particular, as we will have to play a central role in the work of supporting light-water reactors for North Korea, an occasion has been created for pushing ahead with North-South reconciliation and cooperation.

While continuing to maintain a close cooperation system between the ROK and the United States in the future, too, the government will strengthen efforts to ensure that not only a complete solution of the North Korean nuclear issue is reached, but also a momentous progress is achieved in North-South relations through the sincere implementation of the current agreement.

North-South dialogue should resume at the earliest possible date. We have already opened the door of dialogue. Along with this, we will concentrate our efforts on alleviating the pains of the families of those who have been forcibly taken to the North.

As to reunification, the efforts of making practical preparations for reunification is no less important than the efforts to improve North-South relations.

No matter when and how reunification may be achieved, the government will make full preparations to cope with it. The government will also push ahead with reunification education systematically so that all of the people can cope with and adapt themselves to a new era of reunification.

We hope that the new North Korean leadership, which will be born soon, will come to the plaza of dialogue and cooperate with us on the road of reunification toward peace on the Korean peninsula and common national prosperity.

Assemblymen: On the process of building its new order following the Cold-War era, the international community is faced with frequent disputes and conflicts. On the contrary, however, worldwide cooperation for solving mankind's common problems, too, is being expanded.

Economically, on the threshold of the beginning of the World Trade Organization, mutual reliance among countries is being deepened with each passing day. As a result of this, globalization of all economic activities is being carried out rapidly, and competition among states is also being intensified with each passing day.

While maintaining the basis of the new diplomatic policy, the government will give priority to creating an atmosphere favorable to consolidating peace on the Korean peninsula and to achieving national reunification. The government will implement its foreign policies by putting emphasis on its efforts to achieve an advanced economy.

Based on this year's quadrilateral diplomacy, next year, the government will further deepen and develop the cooperative system with the nations surrounding the Korean peninsula.

Based on traditional relations of alliance, the government will maintain close cooperation with the United States to ensure peace and security on the Korean peninsula, including a solution to the North Korean nuclear problem. The government will also strengthen relations with the United States as partners of a broad range of cooperation regarding not only the issues between the two countries but also overall global issues.

The government will ensure that the ROK-U.S. cooperative relations are firmly maintained, irrespective of changes in the situation surrounding us, including the change in U.S.-North Korea relations.

The government is maintaining closer relations with Japan than ever before since the civilian government came to office, including summit talks on several occasions. Based on this good-neighbor friendship and cooperation, the government will further develop relations with Japan in a forward-looking manner.

Based on the friendship and cooperation achieved through mutual visits by high-level figures, the government will continuously expand and deepen relations with China and Russia in various fields, including the political and economic fields.

We are actively participating in regional cooperation activities, including Asia-Pacific Economic Cooperation [APEC] and forums on security in Asia, with a view to preparing for the upcoming Asian-Pacific era. In addition, we are pushing ahead with multilateral dialogue with Northeast Asian countries for peace and security in Northeast Asia.

On the occasion of the conference of APEC leaders slated for next November in Indonesia, I intend to further promote cooperative relations within the region through summits with the nations in the region.

The government will make efforts to strengthen the foundation of cooperation with the European Union, and thus will expand the sphere of our diplomatic activities.

The government will carry out substantive diplomacy in order to overcome waves of fierce international competition amid the rapidly changing global economic order and to support our economy for its leaping onto an advanced economy.

We will make active efforts so that our entry into OECD, which will work as an important occasion for our economy to leap onto a higher stage, be realized in 1996 as planned.

The government will push for advance for the seat of nonpermanent member state in the UN Security Council in order to fulfill an international role in compliance with the expansion of our national strength. We are also expanding the scope of our UN peacekeeping activities.

We are making positive efforts for the resolution of panworld problems, including environment, human rights, and arms reduction. At the same time, the government will strengthen the work of supporting overseas compatriots numbering approximately 5 million so that they can successfully adapt themselves to the societies in their respective countries. We will improve legal, systematic devices to enable them to strengthen their ties with the fatherland.

Dear Assemblymen: Today acute military confrontation is still prevailing on the Korean peninsula. This is the very situation facing the Korean peninsula. Under this situation, the government is maintaining an impregnable defense stance which can repress any provocation.

Through modernization of the Armed Forces and constant improvement in various systems, the government will maximize the combat power of the military. At the same time, it will make all possible efforts to firmly establish the order in grade of rank and the right of command in the military, and to strengthen moral education so that the military discipline is firmly established.

On the other hand, the government will constantly seek measures to promote the welfare of officers and men of the Armed Forces and will inspire their pride and sense of duty so as to raise their morale.

Next, I will talk about the economic sector. Our economy escaped from stagnation that lasted many years and is now enjoying a full-scale boom. This boom is showing a qualitative, steady appearance centered on investments and exports.

The vigorous flow of our economy will continue for the time being. Therefore, this year's economic growth will exceed 8 percent, and it is being viewed that this kind of rise in economic activities will also continue next year.

The price of agrolivestock products and some service charges increased due to a drought this summer. Therefore, with somewhat unstable prices, stability is being regained. However, it is a fact that elements that account for price increases, such as an increase in consumption and an increase in the cost of international raw materials, still exist due to a rise in economic activities.

The government will firmly consolidate the basis for economic stability and at the same time take active, opportune measures to stabilize the cost of individual products, such as agricultural products and charges in the service field. Therefore, all efforts are being made to stabilize this year's consumer price at the 6 percent level.

This year the deficit in the balance of current accounts increased somewhat due to the import of capital goods and raw materials that support active facility investment and exports. We will work to improve gradually the balance of international payments by promoting exports and developing the spare parts material industry.

Dear Assemblymen: In next year's economic administration, the government will work to adhere consistently to the basic policy of stabilizing prices and strengthening international competitiveness. For price stability, currency will be operated in the most stabilized manner, to the extent that it is not detrimental to economic vitality. Also, the basis for economic stability will be firmly supported in the financial field, such as greatly improving financial revenue and expenditures. Along with this, efforts for partial price stability, such as for industrial products and individual service charges, will be maintained consistently.

To strengthen national competitiveness, we will first concentrate on creating fair competitive conditions in which people who work hard will earn just compensation to induce the participation and creativeness of all the people. To achieve this, detailed plans will continuously be supplemented and developed so effectiveness in measures for systematic reform in each sector, including the monetary, tax system, and financial sectors, can be spread throughout the whole economy.

Second, science and technology, information, and the communications sectors will be developed in an epochal way. We cannot be guaranteed a worthwhile future without the development of science and technology. The government will expand science and technology investment up to the level of 3 to 4 percent of the gross national product by 1998. Along with technology development, directly linked with the industrial work site, 11 core, initiative technology development projects will also be steadily promoted.

The training of manpower, which influences international competitiveness, must be centered on technological functional manpower so it will meet the demands at industrial work sites. Investment to open the government and society will be expanded in an epochal way. The high-speed information communications network project will be actively promoted next year as the start of an exemplary project. Also, a basic law to foster the information industry will be provided.

Third, our economy's internationalization will be promoted to deal effectively with the world's changing environment. To plan an ROK economy that will have a place in the world, the government will establish 12 tasks for economic internationalization, such as financial and capital internationalization, and actively promote it from a more long-term point of view.

Fourth, the government will push ahead with measures to improve administrative efficiency. Many countries in the world are promoting administrative reform, recognizing that in order to strengthen the national competitive strength, it is urgent to increase the competitive strength in public service.

We have continuously proceeded with administrative reform to increase national competitive strength and to improve administrative service since the inauguration of the civilian government. Next year, the government will continue to ease administrative restrictions enough for the people and enterprises to actually feel it and will change the form of control from direct to indirect and from prior to retroactive.

At the same time, the government will promote computerization of administrative work, transparency of administration—such as opening administrative information to the public—and efficiency of administrative work.

Dear lawmakers:

The government will continuously expand indirect public investments to strengthen the national competitive strength. To this end, the government will continue to give priority to setting aside budgeting for indirect public investments and will actively induce nongovernment investments based on the nongovernment investment inducement law enacted this year.

The government will make an intensive investment amounting to over 6 trillion won in solving traffic problems that are a terrible inconvenience to the people's life and economic activities. The government will complete the Seoul-Pusan high-speed railway by 2001 so as to mitigate difficulties in transport between Seoul and Pusan, which accounts for over 68 percent of the total volume of the nation's traffic, and will build the Honam [southwest area-bound] high-speed railway without a snag. By doing so, the government will develop territorial functions and build a transport system that enables people to travel to any place in the country, do business there, and return within half a day [chongukchogin pannajol saenghwalgwon chegye].

At the same time, the government will actively promote the expansion of major trunk roads to build a mass transport system with the railway as the center.

The government will complete the new airport in the capital region without a snag and make it a key airport of Northeast Asia in the 21st century, and will also expand local airports annually according to the demand for mid- and long-term airport development.

The government will intensively develop Pusan and Kwangyang ports as the two major container ports, and will continuously develop ports that are worthy to become strongpoints in preparation for the west-coast era and for an increase of local education.

In order to reduce cargo distribution costs to the level of advanced countries by fundamentally improving the cargo distribution system, the government is building inland freight bases for systemic transport zone by zone and establishing a general cargo distribution information network.

Dear lawmakers:

The government is pushing ahead with a new agricultural policy for the whole territory to reorganize the agricultural, forestry, and fishery industries as a modern integrated industry and to remarkably improve living environments and welfare for farming and fishing villages, with a faith to protect our agricultural, forestry, and fishery industries—which are facing difficulties due to the commencement of a World Trade Organization system—and to revive our farming and fishing communities.

The government supplemented and developed further the new agricultural policy in June, based on a suggestion by the Agriculture and Fishery Development Committee, and is performing reforms in rural administration to innovate agricultural, forestry, and fishery systems.

To effectively back this, the government plans to complete the investment of the already-allocated 42 trillion won-budget in improving the agricultural and fishery structure by 1998, three years ahead of schedule, and will establish and carry out without a snag a year-by-year plan to invest the 15 trillion won-subsidy for agriculture for the next 10 years.

Next year's budget for the agricultural, forestry, and fishery area has been increased sharply to 8 trillion won. Particularly for [words indistinct], the government is trying to remarkably expand farmers and fishermen's self-governing work by increasing the budget for production and distribution, in which farmers and fishermen participate directly, by 63.1 percent according to the agriculture and fishery development plan.

We will expand investment to improve the structure and to achieve higher productivity such as maintaining the basis of agricultural production and agricultural mechanization, and expand in an epochal way the work to improve the distribution industry of agricultural and marine products, thus work to develop a competitive agricultural and marine industry.

We will strengthen measures to assist small- and medium-sized businesses that are facing difficulties due to the openness. If the competitiveness of small and medium-sized businesses, which is the basis of industry, are not strengthened, it is difficult to secure the competitiveness of our industry.

We will support improving the work for higher productivity by small- and medium-sized businesses and automation to ease the problem of lack of manpower. We will also work to support small- and medium-sized businesses in various ways such as expanding markets, preparing locations for small- and medium-sized businesses, and fostering technicians.

Next, I will talk about the people's services regarding their living and social welfare. The government will expand the basic social security system so that the people's lives can be stabilized, deal with the welfare demand according to changes in the conditions of the new economic society, and will continuously expand all welfare facilities in accordance with the people's needs.

Sometime next year, the pension system will be expanded to the fishermen and farmers, and carry out the employment insurance system. We plan to carry out the welfare system that coincides with the level of advanced countries.

Moreover, to stabilize the housing situation of ordinary people, a total of 550,000 houses will be built including 200,000 public houses. This is to continuously enhance the rate of dissemination of houses and stabilize their prices.

In preparation for the increase of nuclear families and of the elderly, a fee of charge nursing home for the elderly with the participation of private businesses will be broadly expanded and treatment functions for elderly diseases will be strengthened.

To help married women obtain jobs, nursery facilities will be greatly increased so that nursery facilities can be completed satisfied by 1997. We will continue to improve the level of protecting the livelihood of the low income class, increase assistance of school expenses and fund for operating businesses, expand and install convenience facilities for the handicapped, and improve conditions so that the handicapped can participate in our society.

We will work so that the medical security reform, which started this year, can achieve concrete results, various standards will be greatly strengthened to enhance the safety of foodstuff and pharmaceuticals, and examination, guidance, and observation functions will be supplemented.

Dear Assemblymen: To meet the demands of the desire of the people for pleasant living conditions which is increasing with each passing day, the government will exert further efforts to expand environment investment and improving the system.

To improve in an epochal way the quality of water of the four major rivers by 1997, the government will unify the work of managing the quality of water at the Office of Environment from this year and establish measures to improve the management of the quality of water according to each water system. Work will be carried out so that there will be no setbacks.

The government will continue to build ahead of schedule the basic environment facilities such as the sewage disposal plant to improve the water quality of water supply facilities, and will actively promote the expansion of large-scale water works and modernization of filter facilities. The water supply facilities of the farming and fishing regions will be actively improved so that clean water can be supplied safely.

The specific commercial tariff of garbage charges will be expanded throughout the country to reduce garbage and reuse resources, and facilities to deal with waste matters will be expanded annually.

The spread of clean fuel will be expanded to reduce air pollution, strengthen regulation of gasoline cars, and will actively promote environment technology development and foster environment industry to deal with the world's environmental problems.

Assemblymen: Amid the spread of the people's consensus that to strengthen the state's competitiveness the stability of relations between labor and management is indispensable, our labor-management relations are gradually entering a stabilizing trend. This year, the labor-management relations were somewhat uneasy due to the strikes of railway and subway workers and workers at some big business enterprises. However, early this year an agreement was reached among central labor-management organizations with regard to wages and major labor policies. Based on this, labor-management negotiations were smoothly conducted in most enterprises, and, consequently, labor-management disputes were sharply decreased. Thus, a stable trend has been maintained in labor-management relations.

In coping with labor-management disputes the government will make efforts to lead the disputes to be solved between labor and management. At the same time, the government will establish the principle of "no work no pay" and take strong measures against illegal labor-management disputes. In this way, the government will make all possible efforts to have mature labor-management relations fixed in our society. I believe the understanding that the labor- management issue should be solved by the labor and management themselves and that prolonged labor strikes are not beneficial to both the labor and management is increasing.

Consistently adhering to this policy next year, the government will also give priority of its labor policy to establishing a sound labor-management practice of reconciliating and cooperating with each other. The government will make greater efforts for the promotion of the workers' welfare, the stability of their living conditions, the promotion of their health, and the improvement of their working conditions.

Assemblymen: The government will make all possible efforts to solve the ever-worsening urban traffic problem. The government will additionally build subways in six major cities totalling 544 km by 2001. The government will also continuously build wide-sphere electric railway networks around big cities. Thus, the government will build a new traffic system in cities with subway and electric railway networks as the center. For this plan, next year the government will invest more than 800 billion won, an increase of 30 percent over this year, in building the subway. Along with this, the government will improve the bus and taxi traffic system in cities. To protect the people's lives and property from traffic incidents the government will also establish and enforce a general measure for substantially preventing traffic incidents.

The government will actively promote the tourism industry so that our country can become one of the 10-major tourism countries in the world. For this end, the government will actively encourage business circles to invest in the tourism industry so as to strengthen the international competitiveness of our tourism industry.

The government will divide the whole country into 24 different tourism spheres so that our people can enjoy sightseeing and establish tourism development plan by sightseeing sphere. Thus, the government will develop sightseeing resources systematically.

Next, I will mention the fields of education and culture. In order to enter the ranks of advanced countries and to play a leading role in the era of Asia and the Pacific it is imperative to train highly educated competitive manpower. This is an important and core task. Thus far, our education has made remarkable growth in terms of quantity and has greatly contributed to developing our country. However, it is also true that our education, which gives priority to university entrance examination, has created many problems today.

The government places the direction of its educational reform toward realizing the education to cultivate humanity which cultivates sound sense of value and moral character and the education of fostering men with competitiveness in preparations for the future.

In the elementary and secondary education, the government will place primary emphasis on fostering students to become democratic citizens and cultivating their creative talent with scientific power of thought.

The government will make university education play a leading role in sharpening the national competitive edge by training the high-quality human resources necessary in society. By introducing the college and faculty accreditation systems and reforming their managerial skills, the government will encourage the nation's universities to raise their standards.

In addition, the government will encourage expert manpower to serve as faculty members of universities and will actively support the establishment of an educational-industrial research complex within universities. The government will help universities create an atmosphere for studying by vitalizing operation and organization of student groups and rigidly managing school affairs.

Teachers are directly linked with the standards of education. The government is mapping out various measures to help teachers to devote themselves to education with dignity and pride. We will actively push ahead with education reform according to the proposals made by the Education Reform Committee.

Assemblymen: Culture is the foundation from which the people's worthwhile life can be guaranteed and our spirit is lightened up. Now is the time we should make all possible efforts to establish a firm foundation for the country's culture through the development of a sound spiritual culture.

The government will continue to build sports facilities and increase the number of various culture and art performances. In addition, the government will develop programs for various cultural education and mass sports.

In order to satisfy the people's ever-increasing demand for information, the government will introduce the new media policy by strictly carrying out the plan of allowing the establishment of general cable broadcasts, local private broadcasts, and satellite broadcasts.

The work of setting up the identity of our culture and laying a firm basis for uniting the nation is the most important work of all.

In the wake of the 50th anniversary of the national liberation, we intend to re-establish the history of the nation which has been distorted and disconnected by outside forces. The government will successfully carry out the plan to demolish the building of the former Government-General's office which was built in colonial days, and to move and rebuild the National Central Museum. To promote the people's patriotism and cherish the achievements of independence fighters, the government will compensate to the bereaved families of independence fighters and continue to carry out the work of repatriating the remains of independence fighters from overseas.

The government will also work to make the 50th anniversary of the national liberation serve as a momentum in promoting our country's international status and leaping a step further onto a future society. We will direct big efforts to host the 2002 World Cup and the Asian Games and scrupulously prepare for the 1997 Winter Universiade.

Our adolescents are the mirror reflecting the future of the development of a country. The government will build more camping sites and will furnish training programs so that they can enjoy their spare time while cultivating the sound sense of value. Along with this, we will pay special attention to cleaning up all kinds of hazardous environment to which our adolescents are easily attracted.

The government will work to promote the status and rights of women in various sectors of the society and will support them to actively participate in the rank of reform and internationalization.

Next, I will mention the improvement of moral fiber of officialdom.

The government has focused on its efforts to eradicate irregularities of officialdom so as to build a clean government and a sound society. It is true that, as the result, a complete change was brought upon in the overall climate of the society. Nonetheless, the recent public officials' involvement in a bribery case and various brutal crimes have provided a new momentum in renewing the government's will for reform.

To tighten up lax discipline of officialdom, the government will prepare an institutional apparatus to prevent corruption and misdeeds by public officials, including confiscating illegally acquired wealth by public officials, expansion of officials' assets registration, and reinforcement of administrative chiefs' responsibilities.

I know very well all government officials are silently doing their best to fulfill their duties, despite difficult working conditions. The government will make every effort to improve those systems involving benefit packages, as well as personnel actions and personnel working conditions, so government officials can work with pride.

The government will also resolutely deal with disruptions of the social order, irregularities, and violations of law and authority, all of which threaten social stability and the people's livelihood. The government will persistently try to hold in check those illegal acts, and will dole out harsher punishments to law violators until people realize those who violate the law and order will be punished.

In particular, the government will make every effort to ensure personal safety so all people can live free from fear of crime. The government will dole out the harshest punishments to felonious criminals in order to isolate them from society. The government will also provide mechanisms to protect and compensate to the utmost those who report crimes to concerned authorities.

Assemblymen: Building a sound society where law and order are abided by is not something the government can do alone; all people must have a part in this effort. Therefore, the government will launch a powerful popular movement to build sound families and a sound society.

A sound society begins with sound families. Therefore, the government will carry out the movement to build sound families, and will expand this movement to build a sound society. Aware that the government must carry out this movement to reform consciousness in order to make this movement a success, the government will positively encourage citizens' movement organizations to participate in this movement. Also, the government will make powerful systematic and structural reforms to eliminate weak points in our society, thus reviving ethics and morality as early as possible, and building an advanced society where all people live side by side.

Assemblymen: The general account of the budget for 1995, which was drawn up to carry out these policies, is 50,141,100 million won, a 15.9-percent increase over this year. The total budget, which includes special accounts for financing and investments, is 54,977,300 million won, a 15.4-percent increase.

We will save a total of 700 billion won from the 1995 budget and use it to pay back portions of the government's debts in order to positively contribute to economic stability. Therefore, the amount of the ordinary budget, which excludes this amount, represents a 14-percent increase over this year.

The budget will be used to expand social overhead capital, assist rural areas as well as small and medium enterprises, expand investment in education and science and technology, improve the environment, improve state competitiveness, and improve the people's livelihood.

The government made efforts to dole out more money to areas to improve the people's livelihood, including public health and social welfare, which has been relatively neglected.

Respected speaker and assemblymen: It is time all of us examine the achievements made so far in reform, and make a new turn to build a more hopeful future.

The new era which we hope to build does not come automatically; we cannot build a new Korea without correcting wrong systems and practices which have existed for decades.

If we correctly see reality, examine ourselves coolheadedly, and march forward with confidence in and hope for the future and with unflinching courage, our country's future will be boundlessly bright.

Let us build a community where all people are leading happy lives side by side, and open the era of a great Korean nation in which Korea stands tall in the center of the world's civilization.

Thank you for listening.
18 October 1994
President Kim Yong-sam

I, the prime minister, have read the speech on the president's behalf.

Lawmakers Urge Postponement of Local Autonomy

SK1510041094 Seoul THE KOREA TIMES in English 15 Oct 94 p 2

[FBIS Transcribed Text] Some lawmakers of the ruling Democratic Liberal Party [DLP] suggested the government postpone full-scale implementation of local autonomy slated for June next year, touching off a controversy in the political circle.

The DLP leadership, apparently at a loss, is hastening to defuse the controversy, discounting the proposal as the mere personal view of a handful of lawmakers.

The opposition Democratic Party [DP] was initially flabbergasted, suspecting that it is actually a plan of the ruling camp. But later the DP decided not to take the matter seriously.

The proposal was made for the first time by Rep. Pan Hyong-sik of the DLP during the National Assembly

Home Affairs Committee's inspection of the Home Ministry Thursday [13 October].

Rep. Pan asked Home Minister Choe Hyong-u whether the government has any intention of reconsidering implementing full local autonomy which he argued is detrimental to fostering the nation's international competitiveness.

For the implementation of full local autonomy, four elections will be held next June to elect provincial governors, city mayors and chiefs of lower administrative units as well as local council members.

"I wonder if South Korea, whose size is smaller than that of a Chinese province, should have numerous autonomous local administrations," Pan said.

He said that excessive divergence of power and overly independent local administrations are certain to bring about inefficiency in administration and hamper integrated national land development.

Pan, who is affiliated with President Kim Yong-sam's reformist Minju faction, said that the excessive decentralization will weaken the nation's international competitiveness.

Rep. Hwang Yun-ki of the DLP concurred with Pan, citing the feeble financial status of local administrations.

"The average rate of financial independence of 136 counties across the nation is a mere 24.5 percent. The local autonomous system can be implemented successfully only when it is supported by money," the DLP lawmaker argued.

Minister Choe replied that the government has not considered postponing local autonomy implementation and is making preparations for holding the four local elections next June without hitch.

Some opposition lawmakers regarded the two DLP lawmakers proposal as a ploy to water down the opposition offensive against Choe who has been cornered by a series of murder cases and accidents recently.

Rep. Han Yong-su of the splinter New People's Party interpreted the DLP lawmakers' suggestion as a ruling camp scheme to counter political moves by former opposition leader Kim Tae-chung who recently touched on the delicate local autonomy issue at a German-sponsored political seminar.

The opposition DP has decided to put the matter on the side in the apparent judgment that making an issue out of it is against party interests. DP spokesman Pak Chi-won told reporters yesterday, "I feel no need to comment on it."

DLP Secretary General Mun Chong-su, meanwhile, said that the ruling camp has never considered postponing local autonomy implementation, adding that this is impossible as the dates of local elections are already stipulated by law.

New Secretary General of Constitutional Court

SK1510041794 Seoul THE KOREA HERALD in English 15 Oct 94 p 2

[FBIS Transcribed Text] Yi Yong-mo, former chief of the Seoul District High Court, was appointed secretary-general of the Constitutional Court yesterday. He will take up his office Monday [18 October].

A bill which calls for the upgrading of the post of the secretary-general to ministerial level from the current vice- ministerial level, is awaiting the approval of the National Assembly.

International Socialists, Followers Arrested

SK1810131094 Seoul YONHAP in English 0746 GMT 18 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 18 (YONHAP)—Police have rounded up 36 members of the International Socialists (IS) and their college followers who allegedly infiltrated industrial workplaces and stirred up labor unrest in order to overthrow the government and set up a revolutionary regime based on class struggle, a police spokesman said Tuesday.

Police arrested 23 people and charged them with forming an organization benefiting the enemy under the National Security Law, the spokesman said.

Among those arrested were Choe Il-hak, 37, the group's chief and an IS Central Committee member.

The college students rounded up in connection with the case were all members of the "National Coalition of Socialist Students," an IS umbrella organization.

Police booked Yang Hyo-sik, 34, a member of the IS Central Committee, and six others without detention while transferring a 22- year-old identified only as Kwak, who is doing short-term military service, to military investigation authorities on similar charges, the spokesman said.

Police are still investigating five others in connection with the case, he said.

Placed on a wanted list were Sin Sun-ye and 11 other members of the IS while a further probe is being conducted into about 30 IS members active at industrial workplaces who police suspect of involvement in the case.

Chairman: Hanchongnyon To Refrain From Extremes

SK1510001094 Seoul YONHAP in English 1045 GMT 14 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 14 (YONHAP)—The Federation of Korean College Student Associations

(Hanchongnyon) said on Friday [14 October] it would refrain from engaging in extreme politics-natured struggles in the future.

Hanchongnyon Chairman Kim Hyon-chun said in a press interview his organization would reconsider its hitherto direction of struggles in favor of more interest in campus problems.

Kim showed up at the interview held at the student hall of Hanyang University despite his being wanted by the police.

He said the policy change is due to the fact that an opinion survey of students showed his organization lacked prudence in dealing with such sensitive issues as the Chusapa (Chuche Thought Faction) question and whether to express condolence over the death of Kim Il-song.

Kim also said all the activities being made by Choe Chong-nam, a Hanchongnyon delegate, in North Korea are based on instructions his organization has given him through the Berlin-based joint secretariat of Pomchonghangnyon.

However, Hanchongnyon does not plan any memorial activities on the 100th day of the death of Kim Il-song on Saturday lest it should give the government an excuse to persecute his organization, Kim said.

Air Force To Introduce New F-16 Fighter Model

SK1910013094 Seoul YONHAP in English 0124 GMT 19 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 19 (YONHAP)—The South Korean Air Force will introduce in early December a new F-16 fighter model, designated as the country's main combat aircraft by the next century under the next-generation Korean fighter program.

The Air Force said the U.S. Air Force would hand over one of the four F-16c and F-16d fighters delivered recently by Lockheed Corp. to South Korea around Dec. 3.

The American aircraft company will produce 12 new-model F-16 fighters by the middle of next year for delivery to the South Korean Air Force through its U.S. counterpart.

From the middle of 1995, Samsung Aerospace Industries, Ltd. will produce 108 more under a licensing production contract with Lockheed Corp. for eventual deployment of 120 new-model F-16 fighters in South Korea by the end of 1999, an Air Force officer said.

The new F-16 fighter, costing about 16 billion won (20 million U.S. dollars), has built-in state-of-the-art combat equipment, such as a device for night combat called lantin, to improve mission performance greatly compared with the old F-16 model.

But the new fighter model is not equipped with the Airborne Self- Protection Jammer (ASPJ) because the U.S. Defense Department has shelved a final decision on whether the new F-16 should have a built-in ASPJ, according to the officer.

The ASPJ is a high-tech electronic device the U.S. Air Force used in the Persian Gulf war, which the Pentagon then improved on the basis of new requirements arising from the Gulf war. The improved device, however, fails to meet these additional requirements.

List of Armed Forces Promotions Made Public

SK1710122594 Seoul YONHAP in English 1131 GMT 17 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 17 (YONHAP)—The government on Monday made public a list of two Maj. Generals and 33 Brig. Generals and commodores set to be promoted to the next higher grades.

The two Army Maj. Generals affected were Kim Hyong-po, battle strength planning officer of the Defense Ministry, and Yi Ho-sung, Army deputy chief of Staff for operations, who, on promotion, are to be named as corps commander in addition to the promotion. two Army Lt. Generals and three Maj. Generals were reassigned.

The two reshuffled Lt. Generals were Kim Tong-sin, commander of the capital corps, who was named as chief operations officer of the Joint Chiefs of Staff [JCS], and So Tae-sok, chief North Korean intelligence officer of the JCS, who was given the duty of commander of the intelligence command.

The 33 Brig. Generals and commodores set for promotion include 26 Army officers, three commodores and four Air Force officers.

The promotees do not include those who were once affiliated with the now-defunct "Hanahoe" fraternity in the Army.

President Kim Meets With New Economic Team

SK1810025694 Seoul YONHAP in English 0224 GMT 18 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 18 (YONHAP)—President Kim Yong-sam met over breakfast Tuesday at Chongwadae [presidential offices] with his newly appointed economic team to discuss the country's economic direction in the fourth quarter and steps to boost the future "new economy."

The attendees included Deputy Prime Minister Hong Chae-hyong, Finance Minister Pak Chae-yun, Trade-Industry-Energy Minister Kim Chol-su and presidential chief secretary for the economy Han I-hon.

The chief executive reportedly ordered the group to establish a foundation for the second round of economic development by implementing the five-year new economy plan and other major economic efforts aimed at hiking exports and stabilizing prices.

The president requested that the economy-related ministries devise and carry out policies with rationality and conviction, while instructing the Chongwadae economic team to propel such policies in close cooperation with the ministries, according to an official at the presidential office.

Following the meeting, the deputy premier reported to the president on the direction of future economic policies and the overall economic situation.

Finance Minister Tightens Discipline at EPB

SK1710040494 Seoul THE KOREA TIMES in English 17 Oct 94 p 8

[By staff reporter Kim Chang-yong]

[FBIS Transcribed Text] Deputy Prime Minister[DPM]-Economic Planning Minister Hong Chae-hyong, who is said to be relatively subservient to the presidential confidants on his economic team, is taking a series of steps to bring elite Economic Planning Board [EPB] officials under his grip.

His vociferous actions contrast with the unusually low profile of the new senior presidential secretary for economic affairs, Han Yi-hon, whose hardline stance at the EPB against large conglomerates has already caused problems for the family-run chaebol.

His tightening of discipline began at the very moment he took the post and seemed to be a preemptive strike.

In his inaugural ceremony on Oct. 4, Hong, formerly finance minister, discarded the text of his address prepared by the EPB and instead chided EPB officials for being too lofty and idealistic and having no understanding of economic realities. He said, "EPB officials are floating on clouds."

"They are playing in the sky. They have to come down to earth," he reiterated in a brief press conference later when asked if he might have a grudge against the EPB, the top economic agency which coordinates and modifies all policies charted out by economic ministries.

He went further into detail. "The EPB has stressed the need for freer introduction of commercial loans from foreign banks. It sounds plausible. But if the idea is translated into action, how can we deal with the excess dollars that would lead to sharp price increases?"

The acquisition of foreign capital, authorized by the EPB in the 1970s, is now handled by the Ministry of Finance (MOF).

Hong compared EPB officials, generally characterized by their individualism, to "grains of rice" which do not mix well with each other and lack solidarity, while highly praising the close identity of his former colleagues, popularly called "mofia," a compound of the MOF and mafia.

In an ensuing get-acquainted lunch with high-ranking EPB officials and newsmen, he offered a boilermaker—a small shot of whiskey dropped in a glass of beer—to all participants, he himself trying if first and renewing his demand for "harmony" between senior and junior officials.

He kept putting the screws to his officials in the first expanded meeting of executives Wednesday.

He gave specific instructions to each director general of the five bureaus of the EPB's mainstream organization, four of the Budgeting Office and four of the Fair Trade Commission [FTC].

And he ordered them to carry pagers at all times so that they can immediately get in touch with their boss at any time and any place when they are called. It is perhaps the first time all senior officials of a government agency are carrying the electronic devices.

EPB officials think that Hong's taming is unlikely to have any limits and will further escalate in various ways, routine and unroutine.

Several days after he warned he would not respect seniority but consider ability most in a reshuffle of EPB staffers, the DPM promoted an official who went to the same old high school as him, director general for policy coordination An Pyong-u, to assistant minister, the top post that a minister can make appointments to.

Promotion and value deprivation are the two most effective tools to control officialdom, a fact which the 56-year-old number two man in the Cabinet proudly confessed he had learned while heading the Korean Customs Service, Export-Import Bank of Korea, Korea Exchange Bank and MOF.

In the meantime, the hitherto energetic and ambitious Han remains tranquil to date.

He is broadly deemed as being a "strongman" in the Kwachon government complex harboring all economic ministries as President Kim Yong-sam's trusted man rather than vice economic planning minister, a "crucial position," as he admitted, who convenes a weekly meeting of all vice ministers.

Some analysts noted that the Oct. 4 partial Cabinet shakeup was mainly for Han, who was a few years behind the president in a Pusan high school and a Seoul university and an economic tutor for the lifetime politician untrained in other than the pro-democracy struggle.

"The tiger has now got wings," an EPB official said of the president's new halo for Han. "Still in a parochial government system, the distance to the president determines the strength of power in officialdom."

"He feels it burdensome that he is in the limelight. He intentionally keeps a low-key attitude," an insider said.

Yet analysts agree that it will not take long time before he makes an impact in government decision making. In a farewell conference with newsmen, he suggested such a role, saying, "At the EPB, we have not sometimes known the president's intention. I will convey it (to economic ministries) faithfully."

Business organizations, especially the Federation of Korean Industries [FKI] grouping large concerns, are paying attention to Han's slightest move as he championed some anti-chaebol measures as chief of the FTC and vice minister of the EPB.

"It is believed that senior secretary Han will take unfavorable positions toward us more often than not. Particularly what we are concerned about is whether President Kim's appointment of him signals a second round of the cleanup drive against us," an FKI director said.

Jan-Sep Foreign Investment Total Reported

SK1510040894 Seoul THE KOREA HERALD in English 15 Oct 94 p 8

[FBIS Transcribed Text] The government approved $2,367 million in 1,369 direct investments by Koreans in foreign countries during the January-September period this year, the Ministry of Finance said yesterday.

The approved foreign direct investments represented a 99.9 percent increase, or $1,183 million, over the corresponding period of last year, the ministry said.

Actual investments amounted to $1,347 million, up 86 percent from the January-September period.

Small- and medium-sized companies, which are moving out of the nation for cheaper labor in China and other Asian nations, accounted for 83.1 percent of the number of approved investments and 27 percent of the amount of approved investments.

Eased regulations on small investments are encouraging small- and medium-sized corporations, which have engaged in labor-intensive businesses, to move their production bases abroad, the ministry said.

Of the approved investments, those in manufacturing doubled to $1,516 million over the January-September period of last year. Approved investments in trading grew 134.3 percent to $291.1 million.

By region, approved investments in Asia amounted to $1,119.4 million, which accounted for 47.3 percent of the total. The growth rate was 81.2 percent.

The government approved $556 million in 739 investments in China.

Approved investments in North America stood at $584.5 million, up 155.7 percent from the January-September period of last year.

The government approved $1,107 million in direct investments in the nation by foreign investors during the first nine months of this year, up 61.8 percent from the corresponding period of last year.

Approved foreign direct investments in new projects more than doubled over the January-September period of last year. Their planned investments in 302 new projects stood at $583 million.

In contrast with approved Korean investments in manufacturing abroad, which grew more than 100 percent, approved foreign direct investment in the nation's manufacturing sector declined 26.8 percent to $281 million.

On the other hand, approved foreign direct investments in nonmanufacturing sectors almost tripled to $826 million.

Investments permitted to investors from the European Union ranked first with $342 million followed by those from Japan with $334 million.

The Ministry of Finance said foreigners are increasing investments in the nation as the economy is now growing at a fast pace and regulations have been eased.

FKI Leaders Meet To Discuss Vacant Top Post

SK1510071094 Seoul THE KOREA TIMES in English 15 Oct 94 p 8

[By Staff Reporter Kim Chang-yong]

[FBIS Transcribed Text] It will take time to fill the top post in the Federation of Korean Industries [FKI] secretariat as the appointment is linked with chairman Choe Chong-hyon's tenure, FKI executives and observers say.

The executive vice chairman's seat has been vacant since Cho Kyu-ha was picked as governor of Chollanam-to in a partial shakeup of local administration heads on Sept. 23.

FKI leaders touched on the selection of Cho's successor in an informal meeting organized by Daewoo Group chairman Kim U-chung, who is one of 16 vice chairman of the influential lobbying group of large concerns, on Oct. 6.

But they did not go into detail in order not to furrow Choe's brow at a time when he has not made it clear whether or not he will seek another two-year term.

"The rare drinking party was primarily aimed at firming up solidarity among rival businessmen who found themselves hating each other again in the course of the recent fighting for larger stakes in privatization and public works projects," one FKI executive said.

They will have a similar function in Tokyo on the occasion of their participation in the 11th annual Korea-Japan Business Council meeting this evening. They are likely to give Choe a free hand in handling the issue.

As long as Choe keeps silent with regard to a second term at the FKI, he will not choose a top deputy of his own. "An instant appointment of the executive vice chairman would mean Choe wants to remain as FKI chairman once more," an observer said.

The executive vice chairman not only conducts the day-to-day business of the FKI with its budget of about 20 billion won and staff of some 150 but coordinates conflicts between vice chairman of the federation which has over 400 big corporate members.

The names of some exchange-FKI officials employed through its first recruitment exam are circulated as strong candidates. Former science-technology minister Kim Chin-hyon, who headed the FKI's think tank Korea Economic Research Institute, is also said to be running for the seat with Cho's recommendation.

Choe himself is now seriously drawing up the balance sheet in connection with a second term, according to insiders. His first term ends in February 1995.

On assuming the chairmanship at the FKI with the strong backing of senior FKI members shortly before Kim Yong-sam's non-military government took office on Feb. 25, 1993, Choe announced a series of ambitious projects to boost the role of the private business organization in economic policy making.

He, however, experienced humiliation soon after as Chongwadae [presidential office] excluded him from banquets for leading entrepreneurs and had prosecutors indict his son who is married to former President No Tae-u's daughter on charges of diverting dollars to the United States.

He recovered his status gradually as the administration wound down its far-flung anticorruption drive and patted flung anticorruption drive and patted businessmen on the back to push for more investment.

Choe found himself in the limelight when the Communications Ministry delegated the power for choosing the prime contractors for the second mobile telephone business license to the FKI in February this year.

He caught a golden egg-laying goose, Korea Telecom, for his business group in an auction for its shares in a smoke-filled room by promising "fair" deals for other companies interested in cellular phone services.

Korea Telecom, a booming concern, is widely expected to be a boon to the Sunkyong Group, the nation's number five conglomerate, as Yukong Ltd. had been. Sunkyong took over control of Yukong in privatization of the largest local oil refinery in 1979.

The big gain for Sunkyong has contrarily affected his leadership at the FKI. He has failed to draw a majority of the vice chairman in a regular meeting of the chairman and vice chairman for the past several months apparently since some vice chairman, who are all reputed businessmen of their own right, have distanced themselves from Choe.

The FKI chairmanship is a both "powerful and honorary" job for a businessman. Popularly called the prime minister of the economy, the FKI chairman acts as chief representative of business circles, being equally treated at state banquets and other public events.

In fact, former prime minister Yu Chang-sun and former deputy prime minister-economic planning minister Choe Chang-nak served as FKI chairman and executive vice chairman from 1989 to 1992.

It cannot be assumed by just any aspirant. Hanjin Group chairman Cho Chung-hun was eager to become the FKI chairman in the 1980s in vain due to objections by Hyundai Group founder Chong Chu-yong.

Kim U-chung is said to hope to succeed Choe in case the incumbent chairman insists on retiring. But he is not on good terms with some top businessmen like Samsung chairman Yi Kon-hui and Hyundai's Chong Security-yong.

Choe appears to be waiting till other business leaders express strong support for him this time again. Most FKI chairman have served for more than two terms, except for Lucky-Goldstar's Ku Cha-kyong who resigned halfway in 1989 amid controversy over his remarks on political funds

Industries' Direct Investments Abroad Increase

SK1510000494 Seoul YONHAP in English 1122 GMT 14 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 14 (YONHAP)—South Korean industries had invested or planned to invest some 2.3 billion dollars abroad in the first nine months this year, a rise of 99.9 percent over a year before.

A figure available from the Finance Ministry showed Friday [14 October] that overseas investments in the January-September period totaled 2,367 million dollars in 1,369 projects on a reported or approved basis.

The investments actually made in the period reached 1,347 million dollars in 959 projects, up 107.6 percent in projects and 86 percent in amount over the like period of last year.

A ministry official attributed the sharp increase to simplified overseas investment procedures and expanded investments by small and medium-sized industries in small-scale labor-intensive projects in China and some other Asian countries.

By industry, the total included 1,516 million dollars in manufacturing, 391 million dollars in trading, 9 million dollars in fisheries, and 44 million dollars in shipping and storage.

Meanwhile, during the same nine-month period, foreigners investments in South Korea totaled 1,107 million dollars in 473 projects, an increase of 62 percent in amount over the same period of last year.

Samsung Chemicals Opens New Plants in Taesan

SK1610050794 Seoul THE KOREA HERALD in English 16 Oct 94 p 8

[FBIS Transcribed Text] Samsung General Chemicals Co. yesterday dedicated three new plants at its petrochemical complex in Taesan on the Western Coast.

The three plants are an LLDPE (linear low density polyethylene) plant, a multipurpose plant for fine chemicals and a pilot plant for test production of such synthetic resins as HDPE (high density polyethylene), PP (polypropylene) and LLDPE.

The LLDPE plant, which has cost 70 billion won (about $87.5 million), will produce 90,000 tons of LLDPE a year, a substance used for setting greenhouses and producing packaging bags and ordinary films.

The multipurpose fine chemical plant will produce 6,000 tons of three phosphorous flame retardants (TCEP, TCPP and TDCPP) and two pigment additives (2-HEMA and dioxane) which have been all imported.

According to a company official, the 14-billion-won multipurpose plant is so designed to allow for production of other fine chemicals. As such, the plant lays the basis for the company to move from a producer of simple basic chemicals to a manufacturer of fine chemicals.

The pilot plant, which cost 6 billion won, is designed to experiment new production processes for synthetic resins. Through it, the company plans to develop high value-added resins and new process software.

Together, the three plants will raise the operation efficiency of the company's whole petrochemical complex in Taesan and provide a basis for it to advance into the fine chemical business, according to a company official.

List of Top Moneymakers for 1994 Released 14 Oct

SK1510000694 Seoul YONHAP in English 0818 GMT 14 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 14 (YONHAP)—Chong Chu-yong, honorary chairman of the Hyundai Business Group, topped the list for making money this year just as he did in 1993.

According to the "1994 High Taxpayers' List" released by the Office of National Tax Administration on Friday [14 October], Chong earned an income of 15.067 billion won last year and paid 5.385 billion won in taxes, making him the No. 1 taxpayer in the upper bracket.

Chong's self-assessed 1994 income was less than half the 33.539 billion won he reported a year earlier and included dividends of 12 billion won from Hyundai Heavy Industries Co. (HHI) and 2.57 billion won from other Hyundai affiliates. The rest was earned income.

Among the members of Chong's family, lawmaker-HHI shareholder Chong Mong-chun came in No. 5 just like last year, Hyundai Precision and Industry Co. chairman Chong Mong-ku placed No. 6 from No. 2 the previous year and Hyundai Merchant Marine Co. Vice Chairman Chong Mong-hun slid outside the top 100 from No. 3 in 1993.

Following the honorary chairman, Shinan Construction Co. President Pak Sun-sok was listed as the No. 2 taxpayer, having made a windfall from projects including apartment sales and construction of subways and the Mokpo interchange. The presidents of Sungho Housing Construction Co., Maeng Sung-ho, and of Union Center, So Pong-sun, ranked No. 3 and No. 4, respectively.

In the business circle, Samsung Business Group Chairman Yi Kon- hui rose to No. 9 from No. 11 and Choe Chong-hyon, chairman of Sunkyong Business Group, fell to No. 11 from No. 6. Kim Sok-won, chairman of Ssangyong Business Group, was positioned as No. 13, followed by Keumkang Group Chairman Chong Sang-yong at No. 15, Hanjin Group Chairman Cho Chung-hun at No. 16, Kumho Group Chairman Pak Song-yang at No. 32 and Chunggu Housing Construction Co. Chairman Chang Su-hong at No. 71.

Analyzing the top 100's declared incomes, administration officials said that as dividend income dwindles and business income increases, the income system is moving in a more constructive direction.

By job field, at the top were medical doctor Kim Kwang-tae, lawyer Kim Yong-mu, entertainer Choe Chin-sil and golfer Choe Sang-ho.

Burma

Foreign Minister Speaks at UN General Assembly

BK1710095794 Rangoon THE NEW LIGHT OF MYANMAR in English 12 Oct 94 p 1-3

[FBIS Transcribed Text] Yangon [Rangoon], 11 Oct—The following is the statement by His Excellency U Ohn Gyaw, Minister for Foreign Affairs and Chairman of the delegation of the Union of Myanmar [Burma] in the General debate at the forty-ninth Session of the United Nations General Assembly.

Mr President,

The Delegation of Myanmar would like to congratulate you most warmly on your election as President of the Forty Ninth Session of the United Nations General Assembly and to assure you of our fullest cooperation in the discharge of your responsibilities. We are confident that the wealth of experience and wisdom which you bring with you will prove invaluable in guiding us successfully through the present session.

We also wish to express our appreciation to the outgoing President, His Excellency Mr Samuel Rudolph Insanally, for his sagacious and outstanding stewardship of the previous session of the General Assembly.

Mr President,

In South Africa, four decades of the despicable system of apartheid has finally been laid to rest. The election of President Nelson Mandela by the country's first multiracial parliament has given birth to a united, democratic, and nonracial South Africa. A nation that has so courageously overcome such adversity and overwhelming pressure deserves our support and acclaim as it faces its future with optimism.

I am pleased to see the delegation of South Africa rejoining us in this august Assembly. Its presence in these chambers also reflects the momentous changes taking place in the world today. The concerted effort to abolish apartheid in South Africa has finally been realized. We welcome our brothers from South Africa and wish them every success in rebuilding their nation and look forward to working closely with the Government and people of South Africa.

Mr President,

It bears reiterating here the importance of adherence to the Five Principles of Peaceful Coexistence which form the basic tenets of Myanmar's foreign policy. Myanmar, together with the People's Republic of China and India, enunciated the Five Principles of Peaceful Coexistence nearly five decades ago. These time-tested principles have crystallized as the universally accepted legal norms in interstate relations. In strict observance of these principles, Myanmar has never allowed and will never allow its territory to be used as a springboard for action or threat against another state. By the same token, Myanmar expects that other nations will likewise abide by these principles in their conduct of policy towards Myanmar.

At this time of dramatic and profound changes, the United Nations represents the best hope for mankind in the maintenance of international peace and security, and in the promotion of international cooperation in other areas of human endeavor. Whatever character and shape the emerging new international order may eventually assume, we have no doubt that the United Nations will constitute a vital element in the new international order and will continue to play an increasingly important role in international relations. As we approach the Fiftieth Anniversary of the United Nations, it is the appropriate time for us to rededicate ourselves to the purposes and principles of the United Nations Charter and to redouble our efforts to further strengthen the role of the world organization. In order to mark this auspicious anniversary in a fitting manner, we have formed a high-level National Committee in my country to carry out necessary preparatory work and to coordinate commemorative activities at the national level.

Mr President,

Myanmar firmly believes that the United Nations plays a pivotal role in promoting international cooperation for development and for the maintenance of peace and security. There is a close link between peace and development. It is therefore the view of my delegation that the Agenda for Peace and the Agenda for Development must go hand in hand. Now that the Cold War is over and the avenues for peace and development are more pronounced, we would like to call upon the international community to create a favorable environment that ensures sustainable development. My delegation shares the view that the search for security and peace in the world at present lies in development, not in armaments. For most people throughout the world and particularly in developing countries, the feeling of insecurity arises more from anxieties about daily subsistence than from the dread of a cataclysmic global conflict. Underdevelopment brings about poverty, hunger, malnutrition, environmental degradation, etc, collectively leading to civil strife, ethnic conflicts, and eventually, collapse of peace and security. These problems may be confined within national borders in some instances. However, some will definitely have international and even global ramifications and consequences.

Mr President,

Both the Agenda for Peace and the Agenda for Development are top priority tasks before the United Nations and they deserve to be given equal attention and equal allocation of resources. Just as the United Nations peacekeeping missions are stretched out across the globe, so also are its agencies for development and humanitarian affairs fanned out even wider. Myanmar shares the view that economic and social development are prerequisites for lasting peace and security. We would therefore like to see a strengthening of the Economic and Social Council in tandem with the call for a restructuring of the Security Council to respond adequately to the new challenges of international peace and security that have emerged in the wake of the cold war. The United Nations, with the purposes of maintaining international peace and security and of promoting development and of safeguarding human rights, was born 50 years ago against a political setting which was different from today. Now that the Cold War is over and the international community is free from superpower rivalry, which had very much crippled the United Nations in the past, the Organization should be restructured to meet the needs and challenges of the present world.

Peacekeeping operations is an area in which the United Nations is being called upon to take on more and more responsibilities. These operations constitute an important instrument of the world organization in the prevention and containment of conflicts and in keeping peace where it is most needed. Peacekeeping operations have a mixed record of successes and some setbacks. Experience and lessons from the past operations should be carefully reviewed and reevaluated with a view to ensuring more effective and proper conduct of these operations. It is imperative that the United Nations peacekeeping operations be carried out only with the consent and willing cooperation of the parties concerned and that all aspects of these operations strictly conform to the principles and purposes of the United Nations Charter. There is also a need for rationalization, streamlining, and making these operations more cost-effective.

Mr President,

In the field of disarmament, we are encouraged by the positive developments of last year. Intensive negotiations are now underway in the Geneva-based Conference on Disarmament to achieve a Comprehensive Nuclear Test Ban Treaty, CTBT. The steadily increasing trust and confidence between nuclear-weapon States and non-nuclear-weapon States has provided a window of opportunity for the international community to come to grips with preventing vertical and horizontal proliferation of nuclear weapons. This opportunity should be seized by bringing the negotiation on CTBT to a successful conclusion in the most expeditious way. The United States has announced its decision to extend the moratorium for one year until September 1995. We believe that such moratorium observed also by other nuclear-weapon States would create conditions conducive to the ongoing process of CTBT negotiations.

Mr President,

The Review and Extension Conference of the Treaty on the Non-Proliferation of Nuclear Weapons, NPT, is less than a year away from now. We are of the view that substantive progress in crucial areas, namely, CTBT, negative security assurances for nonnuclear weapon states and a ban on production of nuclear fissile material in all its aspects will contribute to a successful outcome of the conference. A careful stock-taking of the progress in these crucial areas should be made before taking a decision at the conference on the further extension of the treaty. Myanmar looks forward to working and cooperating with other delegations for the successful outcome of the 1995 NPT Review and Extension Conference.

While I am on the subject of the NPT, may I take this opportunity to inform this assembly that, as a State Party to the NPT the Myanmar Government has decided to sign the safeguards agreement and protocol with the IAEA [International Atomic Energy Agency]. The signing of the safeguards agreement and protocol will take place in the near future.

Myanmar is also actively taking part in the preparatory process for the implementation of the Chemical Weapons Convention, CWC, since she became an original signatory to the convention. Like other signatories to the CWC, ratification process is currently being undertaken in Myanmar.

Mr President,

The signing on 4 May 1994 of the agreement to implement the Israel-Palestine Declaration of Principles marks an important milestone toward a lasting peace in the Middle East. The recent approval by the Israeli Cabinet to transfer civilian powers to the Palestinians—in culture, youth and sports, international cooperation, education, health, social welfare, tourism, and finance are also positive steps that would further pave the way for self-rule by the Palestinians in the Gaza strip and Jericho. We congratulate the parties concerned for their rare courage and mutual accommodation. We are also heartened to note that both Israel and Jordan are implementing the agreed Washington Declaration signed between both parties in July. It is hoped that these initiatives, both within the context of bilateral and multilateral negotiations, will facilitate and brighten the chances of a lasting peace in the Middle East.

Mr President,

After years of recession and stagnation, the world economy has resumed a modest growth. However, this recovery remains fragile and uneven and it is in the interest of both the developing and developed countries to strive for accelerated growth and sustainable development. While a number of developing countries has acted as the main engine of world economic growth, most of them are beset with a deteriorating economic and social situation. Developed countries are also facing slow growth and high unemployment. In this era of growing globalization and interdependence, concerted efforts by the world community are urgently needed to resolve the acute economic and social problems.

We welcome the secretary-general's report entitled: "An Agenda for Development" for being most timely and appropriate. The report has highlighted economic growth as a crucial dimension of development and has singled out a supportive and a favorable international economic environment for sustained growth. We fully share the view that advancement of developing countries is hindered by such obstacles as external debt problems, declining external resource flows, sharply deteriorating terms of trade, and mounting barriers to market access. We hope that a program of action on the implementation of the agenda will be agreed upon at this session.

Our aspirations for a new world economic order which is equitable and nondiscriminatory have not yet been realized. Major challenges of the decades, namely, acceleration of development, alleviation of poverty, and narrowing of the widening gap among countries, need to be redressed urgently. We fully support the call by the Group of 77, the Non-Aligned Movement, and this August Assembly for the resumption of the stalled North-South dialogue. A constructive dialogue based on common interests and mutual benefits should enhance international economic cooperation for development.

We also welcome the successful conclusion of the Uruguay Round, although our aspirations are not fully realized. We have hoped for an open, equitable, and transparent multilateral trading system which would benefit all countries. We are most concerned with new forms of protectionism, particularly the attempts to impose social and environmental conditionalities that discriminate against developing-country exports. These protectionist measures will adversely affect world trade and growth.

We are heartened by the Naples Summit Communique of the Group of Seven which stated that the Seven would continue efforts to enhance development assistance, trade, and investment in developing countries. It also stated that the Seven favor a reduction in the stock of debt and an increase in concessionality for those countries facing special difficulties.

Mr President,

My delegation takes note with appreciation of the report of the secretary-general on the status and role of cooperatives in the light of new economic and social trends, and welcomes the recommendations contained therein. In developed and developing countries alike, cooperative societies today constitute significant components of their economies and play a crucial role in their economic development. In my country, we attach great importance to the cooperatives sector as one of the main pillars of our economy and as an effective means of accelerating the socioeconomic development. It is an important part of the economic strategy of the Myanmar Government to promote and expand the cooperatives sector in our national economy. As we shall be celebrating next year the centenary of the establishment of the International Cooperative Alliance, it is most fitting that this assembly proclaims the first Saturday of July 1995 to be the International Day of Cooperatives, and member states observe this day in future years as a recurrent annual event.

Mr President,

The Earth Summit held in Rio two years ago firmly placed environmental issues on the global agenda, and since then, hardly any international meeting has taken place without calls for common action to save our planet. The protection and promotion of the environment has emerged as one of the most pressing issues facing the world. No longer is the natural world perceived as a vast and inexhaustible frontier to be explored and exploited. Today there is a growing recognition that the environment is not to be subjugated but to be treated with respect and care. An increasing number of countries now recognize that environmental issues warrant as much attention and effort as other issues such as disarmament, narcotics, and human rights.

Myanmar is pleased to note that in all of this, the Asia and Pacific region has not been left behind. A regional meeting to prepare for the 1995 State of the Environment Report was held in Yangon in July this year. This meeting provided an opportunity to senior government officials to discuss in an integrated manner issues related to the assessment of the state of the environment at the national and regional levels.

The Asian and Pacific region is composed of a large number of nations differing in size, resource endowment, and stage of economic development. It is a region that is faced with all the conceivable environmental problems of the world—deforestation, desertification, climate change, etc. While several countries of the region, particularly those in Southeast and Northeast Asia, have registered remarkable economic growth in the last few decades, others have yet to achieve their objectives. In many of our countries eradication of poverty and greater equity in income distribution remain major challenges. Poverty and environmental degradation are closely related. Alleviating poverty therefore is no longer simply a moral issue but a practical imperative. At the same time achieving sustainable development will require that all countries, particularly the developed, change their consumption patterns.

In the past we have tended to focus more on remedial measures than on the causes of environmental degradation. But if we are to overcome the challenges we face, we must deal with the underlying causes. As in health care, prevention is equally if not more important than the cure. We must therefore formulate strategies that will set out to alleviate poverty and provide the basic needs of food, water, clothing, shelter, energy, and health care for our peoples while protecting the environment. Aware of the fact that poverty is the fundamental cause of environmental degradation, we in Myanmar are concentrating on breaking the vicious cycle of poverty and environmental degradation. With a view to remedying the situation, the government in 1989 launched a program for the development of border areas and national races. This integrated approach is expected to generate higher incomes and productivity by providing employment opportunities and increased welfare. The border areas, inhabited by the national races, have lagged far behind in all aspects of development owing mainly to the difficult terrain and lack of adequate infrastructure. The situation is being rapidly improved. Roads, bridges, schools, hospitals, and reservoirs, are being built extensively. The government's support for the development of mini-hydroelectric power plants will provide alternative sources of energy for the towns and villages in order to promote rural industries, and at the same time, lessen their dependence on fuelwood. This integrated rural area development program will not only have positive effects on the socioeconomic environment but also drastically reduce the area under shifting cultivation, resulting in conservation and regeneration of forest resources in the fragile mountain ecosystem.

Sustainable management and conservation of forests have long occupied a place of pride in Myanmar's environmental efforts. Sustainable production of forest resources and conservation of biodiversity are assured by a Forest Working Plan and a time-tested selective felling system. About fifty percent of Myanmar's total land surface area is still covered by natural forests. Even though the forest area is about 33 million hectares, the prescribed annual allowable cut is less than 3 million cubic meters for teak and hardwoods. This volume of commercial extraction is significantly less than that harvested by other countries in the region. The current development activities of the government in the forest sector include the special project for greening of the nine driest districts of the country; extension of the area under reserved forests; establishment of new plantations; overall reforestation of the dry zone to provide much needed timber and fuelwood for rural communities; and measures to improve the watersheds.

Myanmar attaches high importance to population issues and recognizes the close link between population and sustainable development. We have participated in the Cairo Conference and heartily welcome the adoption by consensus of a non-binding twenty- year Program of Action. Our population policy focus is on voluntary birth-spacing to promote the health of the mother and child. The Myanmar Maternal and Child Welfare Association, a non-governmental organization is actively carrying out the assigned task in this field.

Mr President,

Much has been accomplished by the United Nations in the field of human rights, the most recent of which is the appointment of the United Nations High Commissioner for Human Rights by consensus at the previous General Assembly. The appointment of such an important personage by consensus bears testimony to the fact that both the developed and developing countries attach importance to the promotion and protection of human rights in accordance with the principles and purposes of the United Nations Charter. My delegation would like to wish the High Commissioner every success in carrying out his mandate.

As a responsible member of the United Nations and as an unwavering advocate of the values it represents, the Union of Myanmar has all along upheld and adhered to the basic norms of human rights enshrined in the Charter of the United Nations and the Universal Declaration of Human Rights. As confirmed by the Bangkok Declaration, the principles of national sovereignty, territorial integrity, and noninterference in internal affairs should be respected by all nations and attempts to use human rights to encroach on the essentially domestic jurisdiction of states should be avoided. We do not mean by this that human rights can be systematically violated behind the barrier of noninterference. We wish to see the promotion of human rights through cooperation and consensus building, and not through imposition of values which we do not share. We believe that even as we seek universality of human rights, diversity in historical, cultural, and religious backgrounds must never be minimized or forgotten. We are also against double standards and the temptation to use human rights as a mean to achieve political ends.

The right to sufficient food, clothing, and shelter, the right to decent quality of life; the right to live peacefully and in security; are often neglected in the clamor for individual rights. At this delicate juncture of our history, when Myanmar is in the midst of transforming itself to a multiparty democracy with a market economy, the interests of its 45 million people must take precedence over the interests of any one individual. Confrontation and incitement for unrest and instability have no place when the nation is in the process of reconciliation and reconsolidation. In keeping with the aspirations of all the national races, Myanmar is also presently at the critical stage of drafting a firm constitution. My Government would certainly not like to see the present momentum of the constitutional process and the efforts for national reconciliation impeded in any way. Nor can it allow a return to the chaos and anarchy of the incidents of 1988.

The Myanmar Government does not condone human rights abuses. In fact, it is totally against human rights abuses. We have cooperated fully with the United Nations in every field, and in this regard, with the Commission on Human Rights, by providing information in connection with communications and queries concerning the situation in Myanmar. Not only have we provided information sought by the Commission but have also received the Independent Experts and the special rapporteur appointed by the Human Rights Commission. The special rapporteur, Professor Yozo Yokota, was received in 1992 and in 1993. In deference to the United Nations, and as a gesture of our goodwill and cooperation, we will receive him yet again this year.

Mr President,

The Memorandum of Understanding between Myanmar and the UNHCR signed on 5 November 1993, providing the latter's role in Myanmar's border development projects is an illustration of our steady cooperation with the United Nations and its subsidiary bodies. It is normal that some issues arise from time to time between neighboring states. In such cases, we always seek peaceful solutions based on mutual goodwill, respect, and understanding. A case in point is the matter of transborder movement of people between Myanmar and Bangladesh across the common border. Although some quarters tried to exaggerate the situation by invoking potential regional destabilization, our two countries were able to resolve the situation in a spirit of mutual friendship and understanding resulting in the repatriation so far of nearly 70,000 returnees to their hearth and home.

Mr President,

At the initiative of the United Nations secretary-general, Myanmar decided to establish a dialogue with the United Nations to exchange views on various issues of common concern. With your kind indulgence, I would like to briefly apprise the assembly of the developments leading to this decision. During his visit to Myanmar in March this year, Under-Secretary-General Mr Refeeudin Ahmed, executive secretary of the Economic and Social Commission for Asia and the Pacific, ESCAP, delivered a letter and verbal message from the secretary-general of the United Nations to secretary-1 of the State Law and Order Restoration Council. The secretary-general, in his letter, expressed constructive remarks in regard to the measures taken by the Myanmar Government, and showed keen interest in the developments in Myanmar, particularly the process of national reconciliation and steps taken in drafting a firm constitution through the National Convention. The secretary-general also expressed his desire to establish a dialogue with the Government of the Union of Myanmar to exchange views on the various issues with a view to considering how the United Nations can assist in facilitating continued progress towards the resolution of these issues. Secretary-1, while acknowledging, informed the secretary- general to the effect that a communication would be made on this subject in the near future.

Mr President,

While attending the ASEAN Ministerial Meeting in Bangkok, I transmitted through the minister for foreign affairs of Thailand on 21 July 1994 initial response to the secretary-general. Further to this response, the Myanmar government informed the executive secretary of ESCAP that the minister for foreign affairs of Myanmar has been designated to initiate the dialogue proposed by the secretary-general at a mutually agreeable date and, in this regard, sought his advice on the modalities of how such a dialogue could be more fruitfully carried out.

I am happy to apprise this assembly through you, Mr President, that I have had two meetings with Mr Marrack Goulding, under-secretary-general for political affairs of the United Nations earlier this month and that the dialogue between Myanmar government and the United Nations is now well underway.

Mr President,

The global spread of drug abuse has become a major international concern in recent years. The evil consequences of illicit drugs transcend borders and the threat of illicit drugs can only be overcome with effective international cooperation. We share the view that concerted action is needed at national, sub-regional, regional, and global levels.

Myanmar has always treated anti-narcotics measures as a national responsibility. At the national level, the government has adopted comprehensive plans for the effective implementation of drug suppression measures. A new law against narcotic drugs and psychotropic substances was enacted in 1993 encompassing effective measures against the widening scope of the drug menace. In our national strategies against drugs, a new approach was launched in 1988, the key concept of which was to alleviate the poverty of the peoples in the border areas by providing them with the means of alternative income, while at the same time working to raise their awareness of the magnitude of human misery resulting from drugs. This approach is being carried out as one of the main objectives of the Master Plan for the development of the border areas and national races. It is evident that the most effective approach towards eradication of poppy cultivation would be to implement a comprehensive program for the social and economic development of the national races in the border areas. We have now established a mechanism coordinating action against illicit drugs in all their aspects.

We have also been coordinating our national efforts with those of our neighbors to ensure a maximum impact in drug eradication in the region. The Myanmar government has signed agreements with the People's Republic of China and the UNDCP [United Nations Drug Control Program] as well as with Thailand and the UNDCP. Bilateral narcotics suppression agreements have been signed with Laos and India, and we aim to work out a similar agreement with Bangladesh. In October 1993, at New York, Myanmar, the People's Republic of China, Laos, Thailand, and the UNDCP signed a Memorandum of Understanding which would further harmonize collective activities aimed at reducing drug trafficking and production, eliminating poppy cultivation, and reducing drug demand and consumption. There have been two ministerial conferences at the sub-regional level at which Myanmar has contributed active participation. Myanmar is a State Party to the 1961 Single Convention on Narcotic Drugs, and to the 1988 UN Convention against Traffic in Narcotic Drugs and Psychotropic Substances. Moreover, on 7 June this year, Myanmar deposited the Instrument of Accession to the UN Convention on Psychotropic Substances. We are also carrying out a series of measures in the implementation of the recommendations contained in the Global Program of Action adopted by the Seventeenth Special Session of the United Nations General Assembly in February 1990.

Mr President,

Members of the Myanmar security forces are engaged in a relentless war against drug trafficking. They may not be wearing blue helmets like the men and women from different lands serving as guardians of peace under the United Nations banner, but the cause for which hundreds of them have sacrificed their lives and limbs is no less internationalist and no less worthy. As to those who are expressing doubt about our commitment to eradication of narcotics, let me ask: "Which country in the world has sacrificed the lives of over 190 soldiers with additional 350 wounded in the combat against drug traffickers in a matter of only four weeks?" With this serious dedication and commitment in the fight against illicit drugs, we in Myanmar are ready and willing to cooperate fully with all our neighbors and the international community for sustained efforts against this scourge.

Mr President,

Myanmar is a Union made up of over a hundred different national races residing in Myanmar. Unity among the different national races is essential for the preservation of our independence and sovereignty as well as for the economic and social progress of our country. Since regaining independence in 1948, Myanmar unfortunately had to face internal strife started by various armed groups. Because of this, the country had suffered immensely and lagged behind in economic development in comparison with other nations of the region.

Under these dire circumstances, it would only be natural that the State Law and Order Restoration Council would place the utmost importance on the preservation of independence and the strengthening of unity and national solidarity among all the national races of Myanmar. Since the time it took over responsibilities of the State, the State Law and Order Restoration Council has been giving priority to the achievement of national reconciliation.

Beginning from 1989, less than one year after it assumed responsibility, the government made overtures to the armed groups to return to the legal fold. Since April 1992, the armed forces have suspended military offensives against the armed groups in the interest of national reconciliation. Internal strife for over four decades has not brought benefit to anyone. It has only caused death and destruction and untold suffering for the people. No one appreciates peace more than a soldier. It is therefore most gratifying that a total of 12 groups having trust in the sincerity of the offer by the government have returned to the legal fold, and are working together with the government for the development of their regions. These groups are also being provided with the opportunity to participate in the national political process namely the National Convention to shape the country's future. To the remaining groups who still have yet to return to the legal fold, the Myanmar Government reiterates its call to them not to miss this golden opportunity but to join hands in building a peaceful, democratic, and modern Union. Guns have fallen silent in the country as never before in the history of modern Myanmar and these groups should look at the greater interest of the country and work for the benefit of all the national races as they themselves have been proclaiming for so long.

Mr President,

At this juncture, let me turn to another aspect of the government's political objective—the drafting of a firm and enduring constitution. Towards this end, a National Convention has been meeting since the beginning of last year to draft a new constitution. Consensus has already been reached on the 15 Chapter Headings on the 104 fundamental principles of the State as well as the Chapters on State, State Structure, and the Head of State.

At the resumed session of the National Convention which commenced on 2 September 1994, the chairman of the National Convention Convening Work Committee elucidated the points relative to the matter of self-administered divisions or self-administered zones in the Union, and of constituting the Legislature, the Executive, and the Judiciary for detailed discussions and deliberations among the delegates. As to those who allege that the process is moving too slowly, let me ask; "Is not the world today full of examples where too much haste had led to chaos and confusion, even to armed conflict and disintegration of nations?" At the same time, let me assure you that the State Law and Order Restoration Council has no intention to unnecessarily prolong the process or to cause delays. However, a balance must be struck between the need to reach consensus among the nearly 700 delegates on very urgent and vital issues like the national races and the desire for the completion of the process in appropriate time. Anyone following these deliberations closely will realize that they give lucid lie to the allegations that the deliberations in the National Convention were orchestrated by the government. At the same time, I wish to indicate to some observers that in our society reaching consensus among us is more important than debating who is right or wrong, or who won the debate. We would like the constitution to reflect as much as possible the wishes of the national races while at the same time we would be most happy if consensus on the remaining chapters could be reached as soon as possible. What the government has done and is doing at the moment is to ensure peace, stability, law, and order while striving for economic development of the entire nation so that the transition to democracy will be smooth and tranquil.

Mr President,

Today, the National Convention is in full session for further discussions on the fundamental principles to be enshrined in the new constitution. The very fact that the new State Structure will be a Pyidaungsu [Union] system is a manifestation of the consensus that has been reached by the Convention. The new Pyidaungsu Thamada Myanmar Naing-Ngan-Daw [Union of Myanmar] that is envisaged by the National Convention will be a genuine multiparty democratic state in order to bring the nation to a modern, united, stable, peaceful, and harmonious state. The new constitution will have safeguards to guarantee non-disintegration of the Union, non-disintegration of national solidarity, and perpetuation of sovereignty and territorial integrity.

As in the case with other modern constitutions, the three organs of government—the Legislature, the Executive, and the Judiciary—will be properly constituted and separated as much as possible and will be able to exert reciprocal control with checks and balances amongst themselves. Among the fundamental principles already laid down, independent administration of justice in accordance with the law; administration of justice in public except where restricted by law; and the right of defense and the right of appeal will be guaranteed. Furthermore, there will be constitutional remedies and the Pyidaungsu Taya Hluttaw [Supreme Court] will have the powers to issue writs. Citizens will be able to enjoy the rule of law which is the fundamental legal safeguard necessary for a democratic state. Because of the separation of power envisaged in the new constitution, the Judiciary will be the ultimate guardian of fundamental rights. Freedom of thought, freedom of expression, freedom of belief, freedom of worship, freedom to seek a livelihood, and freedom of organization will be guaranteed. There will be equality of status, equality in opportunity, and equality before the law.

Mr President,

The entire Myanmar nation is presently engaged in our national endeavor to establish a truly democratic and modern society in accordance with the aspirations of our people. We, the people of the Union of Myanmar are doing our utmost to advance the ongoing political and constitutional process and the current program of national economic development in the interest of all our national brethren. We have a popular saying in Myanmar: "As we sow in our deeds, so shall we surely reap in our future destiny."

We are therefore fully confident that, with our continued dedication, determination, and diligence in our national endeavor, we will surely be able to successfully establish a democratic society, based on universal values of justice, liberty, and equality.

I thank you, Mr President.

SLORC Said Planning New Talks With Suu Kyi

BK1810062894 Bangkok THE NATION in English 18 Oct 94 p A1

[FBIS Transcribed Text] The Burmese junta is planning another round of talks with detained pro-democracy leader Aung San Suu Kyi, Deputy Foreign Minister Surin Phitsuwan said after returning from a visit to Rangoon.

The State Law and Order Restoration Council (SLORC) Secretary-General Lt Gen Khin Nyunt also promised Surin that he would try to bring democracy to his country as soon as possible. However, Khin Nyunt said he still needed an agreement by all rival groups to lay down their arms and join hands to bring peace and development to the country.

Surin was in Rangoon yesterday to sign the agreement on the construction of the Thai-Burmese Friendship Bridge crossing the Moei River in Tak's Mae Sot district to Burma's Myawadi province. Surin told reporters upon his return that Khin Nyunt told him a meeting between him and Aung San Suu Kyi would take place again very soon.

During the discussion with Khin Nyunt, Surin also donated Baht 1.9 million on behalf of the Thai government for the maintenance of the Thai library at the Buddhist Centre in Rangoon.

Thailand To Assist in Road, Bridge Construction

BK1810071894 Bangkok BANGKOK POST in English 18 Oct 94 p 6

[FBIS Transcribed Text] Thailand and Burma agreed yesterday to build a road aiding travel from the border into central Burma after signing an agreement to build a bridge across the Moei River. The road will be about 200 kilometres long linking Myawadi with Moulmein, according to Deputy Foreign Minister Surin Phitsuwan.

Development of the road, including three bridges Burma is now building—at Pa-An, Atran and Gyaing—will ease travel into Rangoon and promote commerce, said officials. But Burmese authorities did not guarantee safe passage for a proposed tourism drive along the Myawadi-Moulmein road citing the continued presence of ethnic groups in the area, they said. Myawadi is at the Burmese end of the bridge to be built over the next 18 months under an agreement signed in Rangoon yesterday. Mae Sot District of Tak Province lies at the Thai end of the bridge.

Mr Surin represented Thailand in signing the bridge construction agreement. Construction Deputy Minister Col Aung San signed on behalf of Burma.

Thailand is footing the cost of the 430-metre-long bridge, estimated at 79.2 million baht. Construction is due to begin after the foundation stone is laid in a ceremony due to take place Thursday. The agreement requires Thailand and Burma to negotiate any outstanding problems as the building work proceeds. The problems concern jurisdiction, traffic rules and ownership.

The two sides also agreed during Mr Surin's day-long trip yesterday to develop two other overland links—between Tachilek in Thailand's northernmost province of Chiang Rai and Burma's Keng Tung, and between Thongphaphum in the western Thai province of Kanchanaburi and Burma's coastal resort of Tavoy.

After signing the bridge agreement, Mr Surin met with Construction Minister Khin Maung Yin, Livestock and Fisheries Minister Brig-Gen Maung Maung and First Secretary General of the State Law and Order Restoration Council (SLORC) Lt-Gen Khin Nyunt.

Brunei, Malaysia & Singapore

Malaysia

Further on Visit by Iran's Hashemi-Rafsanjani

Mahathir, Rafsanjani Agree on Pacts

LD1810160494 Tehran IRNA in English 1311 GMT 18 Oct 94

[FBIS Transcribed Text] Kuala Lumpur, Oct. 18, IRNA—Iran and Malaysia have agreed to stengthen mutual trade by signing agreements which calls for guaranteeing investments and easing tariffs.

The agreement to boost Tehran-Kuala Lumpur trade relations was reached between the visiting Iranian President 'Ali Akbar Hashemi- Rafsanjani and Malaysian Prime Minister Mahathir Mohamed in their meeting here Tuesday.

The two sides also agreed to instruct their respective governments to make the preliminary arrangement for signing the agreements.

Hojjat ol-Eslam Hashemi-Rafsanjani, who arrived here on Monday on the last leg of his three-nation southeast Asian tour at the head of a high-ranking delegation, also inspected various parts of a plant manufacturing t.v. sets at the industrial township of Shah Alam, 30 km from here.

Meanwhile, Iranian Foreign Minister 'Ali Akbar Velayati and his Malaysian counterpart Abdullah Ahmad Badawi here on Tuesday underlined the need for cooperation between the Economic Cooperation Organization (ECO) and the Association of Southeast Asian Nations (ASEAN).

Velayati, who is part of a delgation accompanying President Hashemi-Rafsanjani, said that Iran attached special significance to its relations with ASEAN member states, especially Malaysia.

The Malaysian foreign minister proposed holding a joint ECO-ASEAN meeting.

Iran is a founding member of ECO which also includes Pakistan, Turkey, Afghanistan, Uzbekistan, Kazakhstan, Kyrgyzstan, Azerbaijan, Turkmenistan and Tajikistan, while Malaysia is a member of ASEAN which groups Brunei, Indonesia, the Philippines, Singapore and Thailand.

Besides Velayati, Minister of Industries Mohammad Reza Ne'matzadeh and Mines and Metals Minsiter Hoseyn Mahluji are accompanying President Hashemi-Rafsanjani in his visit which also took him to Indonesia and Brunei.

Rafsanjani Meets Industrialists

LD1810204494 Tehran IRNA in English 1952 GMT 18 Oct 94

[FBIS Transcribed Text] Kuala Lumpur, Oct. 18, IRNA—Iran's President Akbar Hashemi-Rafsanjani here today in a meeting with Malaysian industrialists and merchants, announced that the potentials of Iran have remained unknown to many countries in the world.

Rafsanjani said that the Malaysian investors in their travels to Iran can gain an opportunity to take part in the reconstruction of the Islamic Republic of Iran. He stressed that in the first-five-year plan Iran has been engaged in constructing the foundamental projects and in the second-five-year plan it plans to attract foreign capitals for the construction of industrial units.

Existence of university experts, transportation, cheap energy and supply of raw materials and supply of petrochemical products are among the opportunities that Iran can offer in attracting foreign investments, Rafsanjani added.

In the meeting, the Malaysian owners of the industries and merchants announced their readiness for participation in the Iranian reconstruction.

Rafsanjani leading a high ranking delegation arrived here on Monday for a 3-day official visit.

Communique Issued on Visit

LD1910104494 Tehran IRNA in English 1019 GMT 19 Oct 94

[FBIS Transcribed Text] Kuala Lumpur, Oct. 19, (IRNA)—Iran and Malaysia Wednesday agreed to jointly cooperate to present a true profile of Islam and Muslims. The issue was underlined in a communique simultaneously released in the capitals of the two countries at the end of the three-day official visit of Iran's President Akbar Hashemi-Rafsanjani to Malaysia.

The two countries also called on the oraganization of the Islamic conference to play a more active and effective role in achieving the objectives of the Muslim nations.

The joint communique lauded the positive role Iran plays in the Economic Cooperation Organization (ECO) and membership of a number of Central Asian republics in the organization which could guarantee stability in the region.

According to the communique, Iran and Malaysia also agreed to explore the possibilities for signing agreements on joint venture guarantees and on preventing dual taxation.

During the three-day visit, the officials of the two sides said that geographical locations of each country could prepare the ground for the access of the other country to the markets of the neighboring states.

Iranian Delegation Concludes Visit

NC1910101594 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 0430 GMT 19 Oct 94

[FBIS Translated Text] President Hashemi-Rafsanjani has concluded his visit to three southeast Asian countries. Our special correspondent in Kuala Lumpur reports:

[Begin unidentified correspondent recording] President Hashemi-Rafsanjani, who was in Malaysia on the last leg of his visit to southeast Asia at the head of a high-level politico-economic delegation, received an official sendoff at Kuala Lumpur Airport from Malaysian King Tuanku Ja'afar as he departed for Tehran.

In his farewell meeting with Malaysian Prime Minister Mahathir Mohammad, President Hashemi-Rafsanjani stressed the need for the practical implementation of the agreements reached between Iran and Malaysia. He also called for the exchange of politico-economic delegations between the two countries to follow up the progress made in bilateral relations.

The Malaysian prime minister stated that he would personally follow up the practical implementation of the agreements reached.

Last night President Hashemi-Rafsanjani visited the Sultan Salahuddin 'Abdul 'Aziz Shah mosque, which is one of the largest mosques in Malaysia and is constructed over 10,000 square meters. It is situated in the Shah 'Alam District, 30 kilometers from Kuala Lumpur. After offering prayers at the mosque, President Hashemi- Rafsanjani met the congregation and spoke to them.

Last night President Hashemi-Rafsanjani met a group of industrialists at his residence. He said that one of the objectives of the Islamic revolution was to broaden relations with Islamic countries and added that Malaysia had immense potential for broadening mutual relations. He stated that Iran is a large country with vast resources that are still unknown to Islamic countries.

President Hashemi-Rafsanjani added: In the first Five-Year Plan we have completed the country's infrastructure and in the second Plan we can absorb various kinds of capital and direct the country toward industrialization. He continued: The presence of expert manpower due to the existence of universities, easy transport, valuable metallic, petrochemical, and mineral raw materials, cheap energy, and the central location of Iran as a vast market provide great scope for cooperation with friendly countries, especially Malaysia. [end recording]

Commentary Notes Closer Ties With Iran

BK1910105694 Kuala Lumpur Voice of Malaysia in English 0810 GMT 19 Oct 94

[Station commentary]

[FBIS Transcribed Text] Prime Minister Datuk Sri Dr. Mahathir Mohamed's visit to Iran in April last year saw a healing point in relations between the two nations.

Now Iranian President 'Ali Akbar Hashemi-Rafsanjani is in Malaysia reciprocating that visit with a view to take bilateral ties to a higher plain. It would faciliate the review of an agreement signed in April 1993. Signs for closer relations are already evident as both countries have agreed to sign agreements for investment guarantee and avoidance of double taxation.

Both Malaysia and Iran realized the potential for growth in trade and investment is far greater than what has been achieved currently. But the problem has been a lack of information and a general reluctance to venture into a new market. More over Western media reports, more often than not, paint a negative picture of the goings on in Iran. Positive aspects, such as the nation's quest to woo and protect foreign investment in Iran have been ignored.

When he took office for his second term in 1993, Rafsanjani planned to exercise nonadventurous diplomacy to secure the calm needed for Iran's economic progress in a [words indistinct]. He appears to have succeeded but many foreign investors, including those in Malaysia, are ignorant of it. Iran's attractions are many. It has a consumer-base of over 60 million people. Low-level cost; skilled manpower; a reliability of raw material, mineral, and energy products; a well-developed transportation and communications infrastructure is a sure attraction for any investor.

Malaysian entrepreneurs should waste no time in beginning to explore concrete trade and investment opportunities. They should not overlook Tehran's selling point and that is its free trade zones such as (?Kashan) and Kish Island. Potential areas for investment include oil and petroleum products, foodstuff, textiles, canned food, leather goods, pharmaceutical products, and construction materials. Iran is a natural gateway to the region as well to Commonwealth of Independent States. As for Malaysia, it could be the link between ASEAN and the 10-nation Economic Cooperation Organization grouping Iran, Pakistan, Turkey and the Central Asia Republic.

However, it is clear that Iran needs to increase its promotional activities. It is important to have a follow-up mission as the president's visit currently, could be largely exploratory. But while trade and investment are important, Kuala Lumpur and Tehran also share a common ground of global politics especially those that involved Muslim countries. For example they agreed that the Islamic Conference Organization, ICO, countries should be pro-active and resolve disputes among Muslim countries rather than leaving them to others.

It is clear that closer Malaysian-Iranian ties [break in transmission].

Government Opposes Any U.S. Plan to Topple Saddam

BK1810134794 Kuala Lumpur BERITA HARIAN in Malay 12 Oct 94 p 12

[FBIS Translated Text] Kuala Lumpur, Tuesday—Malaysia will not support any U.S. plan to attack Iraq in order to topple its leader Saddam Husayn.

Foreign Minister Datuk Abdullah Ahmad Badawi said the United States should not punish the Iraqi people by pressuring them to topple Saddam.

"We cannot accept any U.S. reasons for attacking Iraq to topple Saddam. The United States should not punish the Iraqi people to the extent that tension is brewing. Diplomatic efforts must be made to settle this problem," he told reporters after receiving South African Trade and Industry Minister Trevor Manuel at the Ministry of Foreign Affairs today.

Similarly, he said, Malaysia cannot accept any Iraqi invasion of Kuwait.

"Despite our relations with Iraq, we cannot accept the country's intention to conquer Kuwait because Kuwait is an independent state," he said.

On Malaysia's involvement in developments along the Iraqi-Kuwaiti border, Abdullah said Malaysia would not be directly involved. He said Malaysia had earlier tried to ask the United Nations through the Nonaligned Movement [NAM] to reduce the economic sanctions against Iraq.

Yesterday, Datuk Sri Dr. Mahathir Mohamed criticized the United Nations for imposing economic sanctions against Iraq, which has made the Iraqi people suffer.

Foreign news agencies earlier reported that about 100,000 Iraqi troops were moving toward the border with Kuwait as a result of Iraq's dissatisfaction with international treatment.

Meanwhile, Abdul Ghani Ismail, chairman of the Malaysian Islamic Youth Movement, asked the government and the NAM to urge the United Nations to reverse the Security Council's policy of imposing sanctions against Iraq.

"There are no reasons why Iraq intends to invade Kuwait by mobilizing its troops at the border between the two countries," he stated.

Sea Border Pact Signed With Singapore 14 Oct

BK1810135094 Kuala Lumpur NEW STRAITS TIMES in English 15 Oct 94 p 7

[By Pang Hin Yue]

[FBIS Transcribed Text] Kuala Lumpur, Fri.—Malaysia and Singapore today reached a final agreement on the demarcation of territorial waters between the two countries after negotiations spanning 14 years.

The consensus was reached at the closing of the Seventh Meeting between Malaysia and Singapore on the Demarcation of the Boundary in the Strait of Johor.

Announcing this at a Press conference, head of Malaysia delegation Azmeer Rashid said with the agreement, the boundary would be clearly defined as it would be based on the precise co-ordinates in the Strait of Johor totalling 48 nautical miles.

This is in accordance with the Straits Settlements and Johor Territorial Waters Agreement 1927.

"Previously, we (Malaysia and Singapore) used imaginary lines to determine the boundary of two countries. But now with an agreement reached to delimit precisely the territorial waters boundary, the matter of demarcation between the two countries is solved," said Azmeer, who is also the Land and Cooperative Development Ministry secretary-general.

He said the ministry would be seeking the Cabinet's endorsement on the demarcation agreement within the next five weeks. Likewise for his Singapore counterpart.

"There is a possibility that it will be formalised by end of the year."

Head of the Singapore delegation Mr S. Tiwari, senior State counsel in the Attorney-General's Chambers, said the boundary agreement was the result of a 14-year negotiation between the two countries.

It began in 1980 where a joint hydrographic study was conducted to establish the co-ordinates of the boundary in the Strait of Johor. It took nearly two years to complete.

When asked why it took 14 years to finalise the demarcation exercise, Azmeer said it was because both parties had differences in the wording of the agreement.

To another question whether the demarcation would affect land reclamation by both countries, he said there was none.

Singapore

Underwater Cable System Begins Operation

BK1810161194 Singapore Radio One in English 1100 GMT 18 Oct 94

[FBIS Transcribed Text] The world's longest underwater cable system began operations this afternoon. Stretching over 18,000 km from Singapore to France, the Southeast Asia-Middle East-Western Europe [word indistinct] links almost 2 billion people in 13 countries. The multinational project involves companies from some 50 countries. Singapore Telecoms is the project's largest shareholder with investments of over U.S. $90 million. The chairman of Singapore Telecoms, Koh Boon Hwee, said the system supports Singapore's position as the international business and financial center. Costing U.S. $700 million, the cable promises better sound and picture transmission. It can also handle 60,000 telephone calls at once, instead of some 7,500 previously.

Cambodia

Defense Ministry Comments on Kidnappings

BK1810053894 Phnom Penh National Radio of Cambodia Network in Cambodian 0300 GMT 18 Oct 94

[Statement issued by the Defense Ministry in Phnom Penh on 14 October—read by announcer]

[FBIS Translated Text] In response to an AGENCE FRANCE-PRESSE report carried by local newspapers on 9 October, entitled: the Khmer Rouge Have Stepped Up Kidnappings and Attacks Against the Royal Government, the Defense Ministry of the Kingdom of Cambodia would like to issue the following statement:

1. Colonel Yang Vutthi is not a spokesman of the Defense Ministry, nor is he a spokesman of the General Staff of the Khmer Royal Armed Forces.

2. The illegal kidnapping conducted by the Khmer Rouge rebels in Kampot was merely a coincidence when by chance a group of Khmer Rouge outlaws who went through that area came upon two taxis, which they forcibly took away along with a number of passengers. The Defense Ministry would like to stress that this incident was nothing but a coincidence.

3. The traffic along National Route 3 and a number of other main highways in the Kingdom of Cambodia is usually safe, and the military activities of the Khmer Rouge have been on a remarkable decline throughout the country.

Phnom Penh, 14 October 1994

Government Plans Bribes To Entice KR Defections

BK1810054394 Hong Kong AFP in English 1403 GMT 17 Oct 94

[FBIS Transcribed Text] Kep, Cambodia, Oct 17 (AFP)—Cambodian authorities are hoping that whiskey and cash will achieve what bombs and negotiations failed to do—secure the release of three western hostages by enticing their Khmer Rouge [KR] captors to defect, the co-minister of defence said Monday.

"I will send something to (guerrilla commander) Mr. Pet today, maybe whiskey or liquor or cognac and for the people they will each get 15 US dollars and five for each child," co-minister of defence Tea Chamrath told AFP. Tea Chamrath was speaking as he and fellow defence minister Tie Banh met with some of the Khmer Rouge defectors in this dilapidated former resort town.

The co-defence ministers arrived here by helicopter from the nearby port and resort town of Sihanoukville after attending a weekend seminar on improving security in tourist areas and along the country's often precarious highways.

Deputy army chief General Nhoek Bunchhai told AFP on the flight that "Khmer Rouge Commander Rin and 147 of his men" had defected to the government Saturday. "We will use these fighters to cooperate with our forces to go in search of the foreigners," he said.

Tea Chamrath called on Pet's people to "come and live with the government."

"We appeal to all the people to join us, we are not like Pol Pot, we will not cut their throats. Let them come freely we will embrace them," he said.

General Eng Sereivut, based in the military headquarters here, said Rin admitted he was responsible for the bloody train ambush in which the three foreigners were seized July 26.

During questioning Rin said he brought the foreigners to his own base on the misty, malarial Phnom Voar (Vine Mountain) in a remote area of southern Kampot province, the general said. But the following day when Commander Pet heard that his deputy had got his hands on some potentially lucrative merchandise, he demanded that the foreigners be handed over to him.

Frenchman Jean-Michel Braquet, 27, Briton Mark Slater, 28, and David Wilson, 29, were then transferred to Pet's camp on the nearby rain-drenched mountain where they are still believed to be held.

Government Cancels Contract With Thai Company

BK1710120894 Phnom Penh THE CAMBODIA DAILY in English 14-16 Oct 94 pp 1, 7

[Report by James Kanter]

[FBIS Transcribed Text] The government seized the Grand Hotel in Siem Reap on Wednesday, ousting Thai-owned SK (Siam Kampuchea) Air from its three-year tenure, Minister of Tourism Veng Sereivut announced yesterday.

"Acting on instructions from the co-Prime Ministers and with the full cooperation and assistance from the governor of Siem Reap, the Ministry of Tourism exercised its legal rights to terminate this Contract and recover possession of the properties on Wednesday 12 October 1994," a press release signed by the minister said.

Failures to redevelop the hotel—a majestic French colonial building on the main road to the Angkor Wat temple complex—and pay overdue rent led to the government decision, the minister said.

"SK Air has been on notice for over a year that the agreement would be terminated if it continued to fail to perform. Despite repeated requests they did not make any attempt to renovate and redevelop the property. We tried everything to get them to perform and in the end we had no alternative to terminate the contract. They did not even pay two years overdue rent until a few days ago when they paid up in a last ditch attempt to hang on to the property," the minister said.

The ministry also announced an upcoming tender for new investors, drawing parallels with the signing of a memorandum of understanding with the world famous Raffles group on July 20 to redevelop the Royale hotel in Phnom Penh.

"We will be looking among the world's best hoteliers for a company with the demonstrated experience and capacity to undertake the renovation and redevelopment project in agreed stages and according to a strict timetable," the minister said.

But an industry insider, requesting anonymity, said yesterday that the decision was a "hostile takeover" and part of a government's drive to annul contracts with companies signed under the former CPP [Cambodian People's Party] regime.

"I think this is in line with the government's policy toward the Floating Hotel in Phnom Penh which had to be closed down last year," the industry source said. The government's decision would likely be disputed, the source added.

The Floating Hotel was tugged upriver from its position outside the Chaktomuk Theatre December 19 following allegations from Finance Minister Sam Rangsi and others that the Thai owners had bribed officials before the May 1993 election in order to win a favorable riverside location.

Veng Sereivut yesterday said the Grand Hotel decision "...in no way diminishes the security and fair dealing guaranteed for foreign investment in Cambodia.

"We welcome foreign investment in our tourism industry but where an investor refuses to perform its obligations under the agreement and flagrantly breaches the Investment Law and Contract Law of our country we must eventually exercise the normal contractual rights," he explained.

The minister's press release also named the new manager as Thong Kum Thol and said that all Cambodian staff had been "reemployed" at the hotel.

More on Acts Against Foreign Companies

BK1910034794 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 17-18 Oct 94 p 4

[FBIS Summary] The Royal Government of Cambodia has ended the lease of the Grand Hotel in Siem Reap Province to the Thai company S.K. Air. A press communique from the Tourism Ministry issued on 13 October stated that "At the order of the co-prime ministers and in cooperation with the governor of Siem Reap Province, the Tourism Ministry exercises its right to end the lease of the Grand Hotel to Thai company S.K. Air and confiscated all property belonging to the hotel on 12 October."

This is the third time that the government has revoked a lease granted to a foreign company. First, the floating hotel of Thai businessmen was ordered to move to a new location in December 1992. Second, Le Royal Hotel was first leased to Feal, a French company; it was then taken back and leased to a Hong Kong-Thai consortium; and was finally leased to the Raffles Group from Singapore. Last February the government ordered S.K. Air to stop operating its flights prior to the establishment of the Royal Air Cambodge airline in July; however, the order was later revoked.

Tourism Minister Veng Sereivut said that "we always welcome investment in our tourism industry; however, investors who do not abide by agreements signed with us will face legal action."

Advertising Campaign To Attract Investors Begins

BK1710114194 Phnom Penh THE CAMBODIA DAILY in English 14-16 Oct 94 p 9

[Report by Matthew Lee]

[FBIS Transcribed Text] As representatives of the Council for the Development of Cambodia [CDC] attend the World Economic Forum in Singapore this week, advertising extolling investment in the country will begin to appear in the world press.

The first ad, small in size, is scheduled to appear today in the ASIAN WALL STREET JOURNAL and later this month a larger full page version will run in the international editions of TIME and NEWSWEEK according to officials with the CDC.

The advertisements are designed to present a better image of Cambodia than has appeared in the international press in recent months, according to officials who have complained that accounts of Cambodia mention only political instability and the Khmer Rouge insurgency instead of positive steps including the passage of the investment law.

"We have to assure the businessmen that it is safe to invest in Cambodia and it is not like it has been represented in the press," said Keat Chhon, the deputy director of the CDC said Wednesday at a business luncheon. "We must present a different picture."

To do this, the CDC has filmed a promotional video about the country and hired the advertising firm McCann Erickson which has designed an ad that opens with the question "Why would anyone want to invest in

Cambodia?" and follows with seven reasons that make the country attractive to investors.

Those points include the passage of the investment law, the creation of the CDC, the development of industrial zones in Phnom Penh and Sihanoukville, the supply of cheap labor, Cambodia's central location in the Mekong region and its hoped for membership in the Association of Southeast Asian Nations, international commitments to help upgrade the country's infrastructure and its preferential trading status with much of the developed world.

The advertisement closes with the words: "Cambodia...open for business."

Whether or not the investment community will be persuaded to overlook stability and security concerns it may have about Cambodia remains to be seen, but at least one two [as published] current investors have said they are impressed with the CDC's agenda.

"I was very impressed," said Prakash Wanaker, general manager of the Cambodia Beverage Company after a meeting with CDC officials in August.

"This is an important step," said local Shell Oil Company chairman Roger Ottenheym. "Many elements are important (to attract investors) and this is one."

Security Fears Blamed for Closed Factories

BK1810050594 Phnom Penh THE CAMBODIA DAILY in English 12 Oct 94 p 8

[Report by Chea Sotheacheat]

[FBIS Transcribed Text] At least 32 of the 62 factories in Phnom Penh leased to private businessmen by the government lie idle because of fears about the country's political situation and security problems, the Minister of Industry said yesterday.

The businessmen "just pay the rent and pay for the workers because they do not trust the security situation in the country," Pu Sothirak told reporters during a break in yesterday's National Assembly session.

By leaving the factories idle, the renters are violating the terms of their leases, he said. But, he added, he cannot do anything about the violations because the laws necessary to enforce the lease agreements are not on the books yet.

"I will start to verify the contracts early next year," Pu Sothirak said. "But now we cannot do it because we do not have enough laws."

The draft laws pertaining to the leases will be submitted to the National Assembly before the end of the year, he said.

The laws will allow a one-month grace period for lessees who are not following the terms of the leases. After that, if they have still not complied, "We will seize the factories and rent them to other businessmen," he said. Pu Sothirak, who recently finished last in a popularity poll of government officials, also asked the public and the press for some latitude in attracting wealth and investment to Cambodia.

"I am very happy for the criticism," he said. "But the criticism should be a compass showing us the direction to go because we don't know everything. I will try my best to improve the country's prosperity and lift up my reputation."

Sihanoukville Industrial Zone Plans Detailed

BK1810051:94 Phnom Penh THE CAMBODIA DAILY in English 12 Oct 94 p 8

[FBIS Transcribed Text] The proposed industrial zone in Sihanoukville will be divided into two sections, one for general industrial uses and one for export processing, according to a draft of the law establishing the zone. There will also be a designated area for petroleum refineries, the draft shows.

Named the Stoeng Hao Sihanoukville Industrial Zone, the area will consist of approximately 1,240 hectares on the coast. About 1,150 hectares is to be designated as general industry and 90 hectares for export procesing, according to the draft which was presented to the prime ministers last month, a Ministry of Industry official said.

The land will be owned by the Ministry of Industry but remain under the direct control of a ministry subcommittee called the Industrial Estate Authority of Cambodia, the draft law says.

New Banknotes, Coins To Enter Circulation Soon

BK1710123194 Phnom Penh THE CAMBODIA DAILY in English 14-16 Oct 94 pp 1, 2

[Report by Matthew Lee]

[FBIS Transcribed Text] The National Bank of Cambodia is expected within the week to release details of a new currency designed to eventually replace the fading and damaged banknotes now in circulation and give the population a more convenient method of payment, a source close to the bank said Thursday.

Not only does the plan call for replacing 50, 100, 200 and 500 riel [Cambodian currency] notes with coins—the first coins Cambodia will have seen in nearly 40 years—but the denomination of the largest new note, 100,000 riel, will be 200 times higher than the largest note in circulation now, the 500 riel note, the source said.

The new notes and coins, which will be introduced by the end of the year, will not negate the old currency's validity, the source said, confirming a statement attributed to co-Premier Prince Norodom Ranariddh earlier this week by the Khmer language newspaper REAKSMEI KAMPUCHEA.

"People should not worry about running to trade their old notes in," the source said. "Both currencies will be legal tender until the bank has collected and destroyed all of the old ones." But the source added: "People will probably find it more convenient to use the new ones."

The notes will come in 1,000, 2,000, 5,000, 10,000, 20,000, 50,000 and 100,000 riel denominations. The 100,000 riel note will feature a portrait of King Sihanouk and Queen Monique.

The plan calls for the new notes to replace the old notes at the rate at which the old notes are destroyed so the amount of riel now in circulation—an estimated two thousand billion riel—will not change, the source said.

"The amount of money in circulation will not change," the source emphasized. That way "there will be no consequence to the monetary situation and no consequence to the buying power of the people," the source said. "The complete change to the new currency will go little by little."

The International Monetary Fund and World Bank, which have vested interests in the health of Cambodia's economy have not opposed the plan, the source said.

"Why should they? This is a normal technical thing to do. The first thing a National Bank must do is to give the population a method of payment," the source said. "This will also help the de-dollarization of the economy because with one new note you can have the equivalent of 200 old ones."

In addition, the source said, the old bank notes carried the words "State of Cambodia" on them. "The country is now called the 'Kingdom of Cambodia' so there is some political motivation to the change too."

The seven denominations of new notes, which will come in three different sizes, are now being printed in France. The new notes will have a variety of security features built in to prevent counterfeiting including special watermarks, a security stripe and a texture that comes from the printing process that will leave the words "National Bank of Cambodia" slightly raised, the source said.

Coins, which have not been used in Cambodia for decades, are also being minted in France. It is unclear whether the Cambodian population will adapt to using coins, the source said; but coins will be issued for the smaller denominations for convenience and because they will last longer.

"The bulk of the population has probably never used coins, but they will get used to it," the source said. The bulk of the population will have to get used to it eventually, because the plan calls for the destruction of all 50 and 100 riel notes as they are collected by the National Bank once the new currency enters into circulation.

"Most of those notes are very old, very tattered and falling apart," the source said, adding that about half of the 200 riel notes now in circulation will be destroyed when collected for the same reasons.

Editorial Laments Culture of Corruption

BK1710113994 Phnom Penh THE CAMBODIA DAILY in English 14-16 Oct 94 p 10

[Article by Barton Biggs: "Only Khmer Vitriol Can Conquer Corruption"]

[FBIS Transcribed Text] Newspaper editor Nun Chan was gunned down in broad daylight in downtown Phnom Penh five weeks ago. It was a violent and blatant human rights violation, and most prominent government, United Nations, and NGO [nongovernmental organization] officials had the good sense to call it as much within a week or so of the murder.

What is disturbing, however, is the subtext of many of these condemnations.

"Vitriolic" is the word that kept surfacing. In the days following the murder, the word seemed to echo louder and louder throughout Phnom Penh. Pin Samkhon, president of the Khmer Journalists Association called Nun Chan irresponsible. Deputy Minister of Information Khieu Kanharit said, "If he had not been killed, we would have sued him." Foreign Minister Prince Norodom Sirivut, speaking to a group of Khmer and Thai journalists last month, asked the press to be "respectful" in their criticisms. Even the press felt compelled to temper coverage of the crime with descriptions of Nun Chan's vicious tirades against those who he saw as corrupt or incompetent.

The editor was depicted as someone who viciously and irresponsibly launched personal attacks on his political targets, making little or no effort to couch his criticisms in dignified language. The implication was, Nun Chan had it coming.

While it is certainly justifiable to strive for objectivity, what most of these pictures lacked was a clear background upon which to display Nun Chan's angry and perhaps unreasonable image. There were only blurry pictures of the Mercedes and Land Cruisers which crowd the parking lots around government ministries, of the elegant villas lining pot-holed streets, or of the military hospitals filled with soldiers who received ammunition only after it was fired from Khmer Rouge rifles into their bodies.

Cambodia is a society that is being consumed by a culture of corruption. Corruption is tolerated, expected, even respected. There are some strong taboos in Khmer culture, but corruption is not one of them. And, therefore, the cycle goes on.

No individual, organization, or government is strong enough to wipe out this cycle which keeps the country mired in inefficiency and poverty. Only Cambodians—with utter disdain, scorn, and hatred—can destroy this system which has crippled the country and is stunting the development of young democracy.

Perhaps, only the language and passion of the most "vitriolic" elements of the Khmer press can shame the corrupt into reform.

Indonesia

* Alatas Denies Report of Meeting With Xanana

94SE0258B Jakarta KOMPAS in Indonesian 13 Sep 94 p 14

[FBIS Translated Text] Jakarta (KOMPAS)—Foreign Minister Ali Alatas denied reports that ABRI [Indonesian Armed Forces] has held talks with Gusmao Xanana. "I was amazed to read such reports. I think they are part of the disinformation campaign of our enemies. I have read all those reports, and I see them merely as an effort to present sensational disinformation to confuse us," Alatas said at the Department of Foreign Affairs on Monday, 12 September.

A number of foreign mass media reported that ABRI had held talks with Xanana, who is now in prison. They reported that ABRI-Xanana talks took place on 16 August as a follow-up to ABRI talks with the bishop of Dili, Carlos Ximenes Belo.

According to the foreign mass media, the talks were held to expand contacts between ABRI and FRETILIN [Revolutionary Front for an Independent East Timor]. South African President Nelson Mandela, who visited Indonesia a week and a half ago, said that President Suharto "responded positively" to encouragement for dialogue on East Timor.

According to Alatas, it is impossible to have special meetings between ABRI and Xanana, or between ABRI and Ramos Horta, as was also once reported. "I do not see the logic of it. Therefore, I have always said there is but one channel for negotiation and resolution, namely between the foreign ministers of Indonesia and Portugal under the auspices of the UN secretary-general," he said.

"Only that channel is possible. Other channels merely help. Other channels may make contributions, but they are not channels of resolution and will not be able to resolve the East Timor issue," he continued.

In answer to a question, Alatas said the use of "other channels" could affect official talks between the foreign ministers of Indonesia and Portugal. "Other channels could even hurt the results of official talks. They could make a positive contribution but could also have a negative impact. Do not think, however, that there will be other channels for negotiation. That is impossible."

Meanwhile, AFP reported that in a letter to New Zealand Prime Minister Jim Bolger, Xanana Gusmao had asked Wellington to continue to pressure Indonesia concerning the East Timor issue. The letter, which came despite Xanana's imprisonment, was presented to the press Monday.

Sipadan-Ligitan

With regard to the stalled talks between Indonesia and Malaysia on the dispute over the islands of Sipadan and Ligitan, Alatas did not reject the possible use of a third party, as Malaysia wishes. "If we can use the mechanism of the ASEAN High Council, naturally we will seek a resolution that is as objective as possible. This will show that we in ASEAN can resolve issues by our own means, with mechanisms that we have constructed ourselves. In this way, we will increase the significance of ASEAN," he said.

As is already known, Malaysia stated that it will try to resolve the dispute by using the services of the International Court of Justice. Indonesia feels that bilateral talks are still needed but does not reject possible third party involvement, which in Indonesia's opinion means the ASEAN High Council. The council is the institution provided by the ASEAN Treaty of Amity and Cooperation for resolving disputes among ASEAN nations.

Alatas said that he as foreign minister must observe Malaysia's next step. "We will see first. There are many determining factors. We have not reached a point of weariness in the effort toward a bilateral resolution, however," he also said.

Alatas also stressed that Indonesia's position in its claim to Sipadan-Ligitan is very strong. He admitted, however, that he did not yet know the details on differences of interpretation by Indonesia and Malaysia on a number of documents about Sipadan-Ligitan but said he had designated Director General for Political Affairs Izhar Ibrahim to give a complete explanation to the mass media.

Army Enforces Sterilization Campaign in E. Timor

LD1810142394 Lisbon Radio Renascenca in Portuguese to Europe 1130 GMT 18 Oct 94

[Remarks by Dom Ximenes Belo are recorded]

[FBIS Translated Excerpt] Indonesia is carrying out a sterilization campaign in East Timor, Dom Ximenes Belo, bishop of Dili, told us. He added that the Timorese are being forced to comply with the program through threats. Raquel Abecassis:

[Abecassis] Indonesian army officers are in East Timor en masse. Jakarta's orders are to be obeyed and are absolute. The mission of Suharto's men is to sterilize Timorese women. This was denounced by the bishop of Dili: freedom of choice is not taken into consideration.

[Belo] In Timor they are forcing everyone—state employees, army men, and their wives must follow this program. They threaten people by saying: the state feeds you so you must follow the state's program—you cannot follow the church because it gives nothing.

What happens in Timor is that the government is carrying out its program to ensure that all families are restricted to two children, boys or girls, it does not matter.

[Abecassis] Dom Ximenes Belo said this is not new but that this year it is being clearly enforced. The government and the army are joining efforts to enforce the sterilization campaign in East Timor.

[Belo] It is the same every year. This year it has been much more intensive; the government services are collaborating, shall we say, with the army, and the army itself moves from village to village declaring that everyone has to follow the government program. There is a violation of human rights; this is against people's choice.

[Abecassis] The bishop is angry with what is going on. Women are forced to accept the artificial methods of contraception and often are deceived by the health staff.

[Belo] I was told in Suai the other day that eight women were in the hospital ready to be sterilized and then they were fitted with a device in their arms, I don't know what it is called in Portuguese. When the women go to the clinics, instead of giving them tablets, they tell them it is for headaches but it is really a method of contraception. They deceive people.

But what we do not like is that the population of Timor is being reduced. There are only 600,000 Timorese people. They are doing this and on the other hand they bring settlers from Java and Selebes who crowd Timor. In no time Timor will become a place of scorched earth. [passage omitted]

Daily Views Bilateral, Trade Links With Iran

BK1910075794 Jakarta THE JAKARTA POST in English 13 Oct 94 p 4

[Editorial: "Jakarta's Ties With Tehran"]

[FBIS Transcribed Text] The Indonesia-Iran relationship has never been as good as it is today. And tomorrow it promises to be even better. The ties, which warmed again a few years ago after some trying times, enter a new phase today as Iranian President Hashemi-Rafsanjani arrives here to return President Suharto's visit to his country last year.

The two countries now have a more solid than ever cooperative bilateral relationship to build on. They have been engaged in active cooperation in international bodies for some time. Both Indonesia and Iran are members of the Organization of Petroleum Exporting Countries (OPEC), the Non-Aligned Movement (NAM) and the Organization of Islamic Conference (OIC).

The relationship has been a long one, if not always a very close one. During the regime of Shah Pahlevi, Indonesia saw Iran as a good friend in diplomatic activities. In 1962 Indonesia chose a senior Iranian diplomat to head the UN Temporary Administration in West Irian—now Irian Jaya—after the Dutch colonial rulers left the island.

But in the following years, especially after the Iranian revolution and during the Iran-Iraq war, the relationship experienced ups and downs.

The war itself, started by the unanticipated Iraqi invasion of Iran in 1980, cost Tehran billions of U.S. dollars. For at least 10 years, Iran, which was busy consolidating after the Islamic revolution in which the shah was driven out of the country, had to allocate a great portion of its national budget for defense. The ensuing economic crisis seems to have dragged on and on. Even today Tehran faces financial difficulties.

So, although the Islamic revolution has allowed Iran to adopt a more independent and active foreign policy, it has at times been more inward than outward looking, what with its concerns at home.

And that very revolution set Iran in a new light internationally, with suspicion emerging or the part of certain countries in the West—especially those whose hegemonic interests it ended—as to its nature and purposes.

These western countries and their local allies have not only accused Iran of "exporting revolution" but have also frowned upon those who forged good relationships with Tehran.

But these problems have not discouraged Indonesia and Iran from developing and boosting their cooperation.

Now, Rafsanjani's visit offers a prime opportunity to take further steps on matters discussed during Suharto's visit to Iran last year. Rafsanjani may well take this chance to convey Iran's wishes to get Indonesian support for further development of its shipyard.

Indonesia, on the other hand, can be expected to make an effort to take advantage of Iran as a gateway for its exports to the landlocked countries of Central Asia.

The two leaders might also discuss ways to boost bilateral trade. Indonesian exports to Iran stood at U.S.$14.72 million last year, a decline of 73.2 percent from the previous year. Indonesian imports from Iran—which mostly consisted of crude oil—also sharply declined last year, reaching only $166.71 million compared to $669.32 million in 1993.

Although this year looks a bit better export-wise, with Indonesian exports to Iran increasing by 38 percent compared to the same period of 1993, its imports dropped by 50 percent compared to the same period.

These trends require serious attention because Iran has become increasingly more important to Indonesia, what with the difficult-to-manage trade regulations some Middle Eastern countries adhere to making it appear as if they are not ready to be our trade partners under a modern economic system.

Suharto Foresees Lao Membership in ASEAN

BK1810163294 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 18 Oct 94

[FBIS Translated Text] Indonesia believes that Laos' full membership in ASEAN will strengthen the regional grouping. President Suharto said this at a state banquet in honor of the Lao President Nouhak Phoumsavan and his wife at Jakarta's State Palace this evening. In his speech, President Suharto said that Laos will benefit from cooperation with ASEAN member countries.

[Begin Suharto recording] The shift in the pattern of international relations calls for ASEAN to face future challenges and ensure peace and stability in Southeast Asia. In this connection, we highly appreciate Laos' role as an observer at ASEAN meetings and also the country's sincerity in forging cooperation with ASEAN. When the time comes, Laos' full membership in ASEAN will certainly strengthen the body as a regional grouping in its efforts to create a peaceful and prosperous Southeast Asia. [end recording]

While we are broadcasting this news, the Lao president is still delivering his speech. The state banquet, which is also being attended by Mrs. Tien Suharto, Vice President Sutrisno and his wife, as well as high-ranking state officials and their wives, began with an exchange of souvenirs in the front hall of the State Palace.

* Report on APEC Senior Officials Meeting

94SE0258C Jakarta KOMPAS in Indonesian 14 Sep 94 p 13

[FBIS Translated Text] Yogyakarta (KOMPAS)—The Third APEC (Asia Pacific Economic Cooperation) Senior Officials Meeting (SOM) has agreed to try to operate "standards and conformance" and "customs procedures" subcommittees for three years. The need for continuing with the subcommittees will then be evaluated.

Wisber Loeis, director general for foreign economic relations at the Department of Foreign Affairs, said this after leading the Third SOM on the second day. Wisber said that discussions went well and productively in Yogyakarta on the second day, Tuesday, 13 September, and took place in a very friendly atmosphere and with great enthusiasm for reaching conclusions acceptable to all parties. Nevertheless, the chairmen of SOM delegations proceeded with evening meetings to discuss intensively preparations for the minister-level meeting.

Therefore, on the second day, the Third SOM reached an agreement to recommend to the Sixth Minister-Level Conference (KTM) in Jakarta the formation of two subcommittees in the areas of "standards and conformance" and "customs procedures" under the Committee on Trade and Investment.

It was also agreed to try the two subcommittees for three years, to be followed by a reevaluation of the existence and uses of the subcommittees.

He said the SOM had also discussed an Indonesian draft on ways to improve the quality of human resources. According to Wisber, Indonesia's proposal was greatly appreciated and supported by participants. Indonesia promised, however, to improve the contents of the working paper in line with suggestions and proposals from other participants. It is hoped that the improvements will be completed at least two weeks prior to the Sixth KTM in November.

Wisber said that unlike the Second SOM in Bali in May, the Third SOM gave a positive reception to a presentation of the Asia-Pacific Business Network (APB-Net) made by KADIN [Chamber of Commerce and Industry] Deputy Chairman Husein Aminuddin, who was accompanied by Marzuki Darusman and Bernard H. Trevanion. "All participants gave it a positive reception and were quite enthusiastic about the existence of the APB-Net. Thus, there is now a simultaneous 'launching' of cooperation in business circles in the framework of APEC cooperation," Wisber Loeis said.

In fact, ten delegations gave a positive reception to the APB-Net representative's presentation. In the future, the SOM hopes for closer working together in order to increase participation and integration among businessmen in the context of APEC cooperation.

Leader Initiatives

Wisber explained further that the SOM also discussed developments in the implementation of the eight initiatives of APEC economic leaders presented in November 1993 at the first meeting at Blake Island, Seattle, Washington, in the United States. It was stressed in the meeting this time that the country presenting an idea is also responsible for it and is coordinator for its implementation.

Wisber was not prepared, however, to give details of discussions on the leader initiatives. "There is naturally no word on development of the initiatives. Development is in progress and, of course, is on-going. Everything will be reported in November," he explained.

Wisber admitted, however, that there were new developments in discussions of the initiatives. In other words, the Third SOM agreed to implement the economic vision of the leaders under eight themes. These include expanding economic dialogue, increasing the liberalization of regional and global trade, expanding the role of the private sector, establishing cooperation in education, and increasing cooperation among small- and medium-sized businesses.

With respect to this progress, several people who were contacted felt that the situation prompted participants to want to know more about the views that economic leaders will present in the November meeting. In other words, the Third SOM was ultimately involved in serious discussions on decisions that leaders are expected to make to implement APEC.

"Will the leaders' decisions give new direction for speeding up implementation of APEC?" asked a participant. He said that in this one year, APEC has made good progress, in the sense that APEC has been used as the main initiative in the framework of economic cooperation. "The question, however, is whether the decisions of APEC leaders will be in line with the recommendations made by the EPG (Eminent Persons Group)," he said.

Editorial Stresses Importance of APEC Trade

BK1810134394 Jakarta THE INDONESIA TIMES in English 7 Oct 94 p 2

[Editorial: "Importance of Trade Between APEC Economies"]

[FBIS Transcribed Text] When we speak about APEC [Asia-Pacific Economic Cooperation] economies, in fact, we speak about APEC countries. But APEC is an informal forum, and when the heads of state attend an APEC summit, they will be addressed as the heads of APEC economy.

Yesterday President Suharto asked APEC trade ministers to think about the importance of trade between the APEC economies for the sake of each economy's growth.

Suharto said that based on our own experience, by having free trade and capital investment in our own country, we could reach a higher level of economic growth compared to the average economic growth in the other parts of the world.

But whether or not we could take further steps would depend on the coming APEC Summit in Bogor. Another important thing was the fact that Suharto has asked members of the APEC forum to ratify the agreement on the establishment of the World Trade Organization (WTO), so that it can be operational by 1 January 1995.

The formation of the WTO is based on the multilateral Uruguay Round trade agreement and aims to replace the General Agreement on Tariff and Trade (GATT). The Uruguay Round was ratified in Marrakech, Morocco

We should also help each other and, hand in hand, monitor the implementation of such obligations, Suharto said to the APEC trade ministers yesterday.

APEC groups the six ASEAN members, China, Japan, Taiwan, Hong Kong, South Korea, Australia, New Zealand, Papua New Guinea, Canada, Mexico, and the United States of America. Chile will become a full member of the forum next month.

The one-day APEC trade ministers meeting had to discuss four major topics: the results of the Uruguay Round and their impact on APEC members, the implementation of the agreement, trade liberalisation, and the acceleration of trade and investment facilitation programme.

We are also happy to hear that the U.S. and South Korea expect to ratify the General Agreement on Tariff and Trade before the end of 1994.

New Foreign Loans Likely To Exceed Plan Target

BK1710121294 Jakarta THE JAKARTA POST in English 11 Oct 94 p 9

[FBIS Transcribed Text] Jakarta (JP)—New grants and loans accrued by the government from foreign creditors for development projects will likely exceed the original target of Rp [rupiah] 10.01 trillion (U.S.$4.57 billion) due to the appreciation of the Japanese yen against the rupiah, a minister says.

"Details of the realization of the offshore aid are now being calculated but it will most likely go higher than our target," State Minister of National Development Planning Ginanjar Kartasasmita, told a hearing with the Budgetary Commission of the House of Representatives (DPR) yesterday.

For this 1994/1995 fiscal year, Indonesia has received aid commitments of $5.2 billion from the Consultative Group for Indonesia's (CGI) including $1.67 billion from Japan.

Ginanjar, who is also chairman of the National Development Planning Board (Bappenas), assured the Budgetary Commission that the government will be able to repay its offshore loans, most of which have been accrued with concessional terms offering low interest rates with long-term maturity.

Ginanjar did not reveal the government's total foreign debt, but Minister of Finance Mar'ie Muhammad last month disclosed that the country's offshore borrowing reached $89 billion as of June, including $59.46 billion owed by the government and $29.5 billion by the private sector. Over 40 percent of the government's total debts are denominated in yen and the rest in other currencies.

Ginanjar said that the government will not depend much on offshore loans. "In the future, we plan to gradually reduce reliance on offshore loans," he said.

In spite of the country's efforts to curb its loan reliance, the government, under its Sixth Five Year Development Plan (Repelita VI), expects to obtain Rp 1.35 trillion in foreign aid next fiscal year.

"The aid planned for next fiscal year will be used mostly to develop human resources, infrastructures in rural areas and less- developed provinces, management, as well as improve industrial production and promote poverty alleviation in the less-developed regions," Ginanjar said.

He told reporters during a break in yesterday's hearing that CGI creditor members are expected to meet the government's demand for new aid next year because it has thus far performed well in debt repayments.

Editorial Outlines Measures To Cool Economy

BK1710122694 Jakarta THE JAKARTA POST in English 10 Oct 94 p 4

[Editorial: "Indicators Call For Caution"]

[FBIS Transcribed Text] The key indicators of the Indonesian economy so far this year, although not a cause for alarm, call for extra caution. The balance of payments seems to have undergone stronger pressures caused by a decrease in oil export revenues and smaller gains in non-oil exports. Although non-oil exports in the first semester of this year increased, their growth rate declined to 6.5 percent from 26 percent in the same period last year, while oil exports fell by 8.6 percent. But since non-oil imports expanded by 12.6 percent, compared to a increase of only 3.6 percent in the same period last year, the current account deficit rose sharply to U.S.$2 billion from $932 million.

Inflation, as announced after the limited monthly cabinet meeting on Saturday, was 0.5 percent last month. Though that was down from 0.89 percent in August, the inflation was still relatively high as the cumulative rise in the consumer price index for the first nine months has already reached 7.38 percent. That means that even though the monthly inflation rate for the next three months could be checked at 0.50 percent, the inflation for the whole calendar year would still be on the high side of a single-digit level.

The fact that the foreign reserves held by the Central Bank remained large at $12.5 billion, or equivalent to more than four months of imports, might be taken as a sufficiently strong buffer against further pressures on the balance of payments. We may also console ourselves with the upward trend in the oil prices since April. The oil prices have increased from an average of $14.7/barrel in the first quarter to $16.36, slightly higher than the average of $16 used for oil revenue estimates for the current fiscal year (1994/1995), between April and August.

These positive indicators, we think, should not make us complacent. Extra caution is required instead, to guard against further pressures on our external balance. The margin of safety is already very thin. We are especially worried about the 12.6 percent increase in imports during the first semester. The import expansion could, to a certain extent, be seen as normal for an expanding economy because new investment projects need capital goods and a growing manufacturing industry requires imported inputs. But since the high import increase took place at a time when the growth rate of exports fell sharply, that should be a strong reason to be extra cautious, especially in view of the relatively high inflation rate. This development, in our opinion, makes it even more imperative than ever for the private sector to refrain from implementing capital-intensive projects which require large imports but which have a long gestation period.

The Governor of Bank Indonesia (Central Bank) Sudrajad Jiwandono did not exaggerate the magnitude of the problems when he recently stressed the need for restraints on large projects to prevent the economy from overheating. For Indonesia, which pursues an open capital account (free foreign exchange regime), high inflation and strong pressures on the balance of payments could cause far-reaching implications, notably on the stability of the rupiah exchange rate. Extra safeguards against such undesirable developments are especially needed during the last quarter of the calendar year when the government is finalizing its budget proposal for 1995/1996 which will be submitted to the House of Representatives in the first week of January. During this period, wild rumors could easily spread among the people who like to speculate about the next state budget and any supplementary fiscal and monetary measures that might be taken.

Laos

President, Delegation Depart for Indonesia

BK1710143894 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 17 Oct 94

[FBIS Translated Text] This morning, His Excellency [H.E.] Nouhak Phoumsavan, president of the Lao People's Democratic Republic [LPDR], his wife, and delegation left Vientiane on an official friendship visit to the Republic of Indonesia at an invitation of H.E. Suharto, president of the Republic of Indonesia. The visit is scheduled from 17 to 22 October.

An official ceremony to see off H.E. President Nouhak, his wife, and delegation was held at the National Assembly Hall in Vientiane at 0800. The ceremony was attended by H.E. Saman Vi-gnaket, chairman of the National Assembly; and H.E. Khamphoui Keoboualapha, deputy prime minister and chairman of the Planning and Cooperation Committee; along with Political Bureau members of the party Central Committee; members of the party Central Committee; ministers; deputy ministers; and many high-ranking cadres. Also on hand to see H.E. President Nouhak Phoumsavan and his delegation off at the National Assembly was (Suharso), counselor to the Indonesian Embassy in Laos.

Accompanying H.E. President Nouhak in the official delegation to Indonesia are H.E. Somsavat Lengsavat, minister of foreign affairs; H.E. Sompadit Volasan, minister of trade; H.E. Leuam Sombounkhan, vice chairman of the Planning and Cooperation Committee; H.E. Sian

Saphanthong, deputy minister of agriculture and forestry; and a number of others.

PRC Economic Delegation Arrives for Visit

BK1810134894 Vientiane KPL in English 0930 GMT 18 Oct 94

[FBIS Transcribed Text] Vientiane, October 18 (KPL)—A delegation of economy and trade of the People's Republic of China headed by Yang Wensheng, deputy-minister of foreign trade and economic cooperation, arrived here on October 16 on an official visit to Laos at the invitation of the Committee for Planning and Cooperation of the Lao PDR [People's Democratic Republic].

During its five-day visit from October 16 to 20, the Chinese delegation is scheduled to meet with the host delegation and pay courtesy calls on Phao Bounnaphon, minister and chief of the cabinet of the Prime Minister's Office; and Phongsavat Boupha, deputy foreign minister, and visit some economic and cultural establishments.

The two sides are expected to reach agreements on loans for the construction of a hydropower station in the north of Laos and bilateral trade.

Finance Minister Home From World Bank Meeting

BK1910104894 Vientiane KPL in English 0904 GMT 19 Oct 94

[FBIS Transcribed Text] Vientiane, October 19 (KPL)—A Lao delegation led by Khamsai Souphanouvong, minister of finance and governor of the Lao PDR [People's Democratic Republic] to the World Bank, returned here yesterday from Spain following the participation in the 49th annual conference of the World Bank and the International Monetary Fund held in Madrid, in early October.

The Lao delegation presented to the conference the outcome of the implementation of the Lao party's and government's policy on renovation as well as the socio-economic development in the country. It also demonstrated to the World Bank and the International Monetary Fund the stance of the Lao PDR and her development plan from now to the year 2000.

It also expressed thanks to the World Bank, the International Monetary Fund and other international organizations for their support and assistance to Laos and urged friendly countries and international organizations to further provide assistance to Laos.

Between 1994-1997, Laos expects foreign aid worth U.S. $779 million for the execution of development projects, according to a release of the roundtable meeting held in Geneva, Switzerland, in June 1994.

Besides the conference, the Lao delegation also participated in a conference marking the 50th anniversary of the Bretton Wood Conference, at which the World Bank and the IMF were set up.

The Lao delegation also met with and made good understanding among businessmen about opportunities of investment in the Lao PDR.

Australia To Help Develop Hydropower Station

BK1710111894 Vientiane KPL in English 0911 GMT 17 Oct 94

[FBIS Transcribed Text] Vientiane, October 17 (KPL)—A signing ceremony of a memorandum on the development of the Se Katam hydropower project 1 and 2 between the Lao Government and the Hydropower PTY. Ltd, Australia, was held at the Office of the Foreign Investment Management Committee on October 15.

Following the signing, the contractor will start a survey to collect data within two to three months and present its outcome to the Lao Government. Then an agreement on the construction of the hydropower station will be signed.

The construction of this hydropower station in the southern Province of Attopeu is estimated to cost U.S. dollars 100 million and will take two years only.

Upon completion, the Se Katam project 1 is estimated to generate 30 megawatts of electricity, and the Se Katam project 2 to turn out 40 megawatts.

The Lao Government will hold at least 25 of the shares in the project which has a concession period of 25 years.

* Article Views 'Pure' Ties With SRV

94SE0252A Vientiane PASASON in Lao 23 Aug 94 p 3

[Article by Ph. Silaphet: "Traditional Lao-Vietnamese Ties Are Always Pure"]

[FBIS Translated Text] Laos and Vietnam are two neighboring countries which have had good relations for a long time. The peoples of Laos and Vietnam have been joined in a relationship of affection and special solidarity for many decades, especially since the founding of the Communist Party of Indochina by Chairman Ho Chi Minh. They were tested together during the progress of their joint struggle against the enemy for the independence and freedom of each country which lasted for decades. The parties and people of Laos and Vietnam cared for each other and built up the relationship until it has become the great long-lasting friendship and special solidarity which has thrived to this day. No matter how much time has passed and how the situation outside has changed, the traditional relationship between Laos and Vietnam is still pure. This is because the party, state, and people of Laos and Vietnam always recognize clearly the absolute importance and the necessity of this friendship. The victories and the benefits which the peoples of Laos and Vietnam have achieved with their joint revolutionary struggle have come from the pure friendship, great sacrifices, and the generous and unselfish assistance of the peoples of Laos and Vietnam.

Today the traditional solidarity between the parties, states, and peoples of Laos and Vietnam is becoming closer every day and is growing. Every facet of cooperation between the two countries is constantly changing to match the capabilities of each country and is based on mutual respect for each other's independence and sovereignty, their equality in benefits received, and comradely assistance. This has been very effective. The visits back and forth and the exchange of ideas and views especially between the top leaders of the two countries have played an important role in increasing the mutual understanding and trust. This has made the relations between the two parties and countries grow steadily closer and has expanded them, as happened, for example, after the meeting of high-level leaders of the two countries, the official goodwill visit to Vietnam of President Khamtai Siphandon in April 1993, and the visit to Laos in November 1993 of President Le Duc Anh. From 15 to 19 August 1994, President Nouhak Phoumsavan and his wife conducted an official goodwill visit to the SRV at the invitation of President Le Duc Anh. During his visit, President Nouhak Phoumsavan and his group laid a wreath at the tomb of President Ho Chi Minh, they met with Vietnamese party and state leaders, and they visited a number of economic base areas and historical and cultural points of interes in Hanoi, Hoa Binh, Thua Thien Hue, and Ho Chi Minh City. In addition they also met with a number of Vietnamese cadres who had had the goodness to have performed revolutionary duties in Laos. In each place he visited, President Nouhak Phomsavan was greeted warmly and was honored by the local people and leaders. As the representative of the party, state, and multiethnic people of Laos, President Nouhak Phoumsavan expressed his appreciation to the localities and the elder Vietnamese cadres who had supported and helped the Lao people in the past.

The great achievement of this visit to Vietnam of President Nouhak Phoumsavan was that it performed the function of again expanding the friendship, special solidarity, and cooperation in all areas between Laos and Vietnam.

National Assembly 5th Session Issues Resolution

BK1810091194 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 14 Oct 94

[Resolution of the Fifth Ordinary Session of the Third National Assembly, read by Chaleun Yiapaoheu, head of Office and of the Secretariat Commission of the National Assembly, at the closing ceremony of the session in Vientiane on 14 October—recorded]

[FBIS Translated Text] The session proceeded in an enthusiastic and energetic atmosphere in which members of the National Assembly widely, profoundly, and firmly promoted their democratic rights and political responsibility in discussing issues. National Assembly members correctly followed the regulations on holding National Assembly sessions. After precisely, scrupulously, profoundly, and straightforwardly studying and discussing the contents of each issue, the session unanimously reached the following resolutions. It:

1. Endorsed the government's report on the implementation of the state socioeconomic development plan for 1993-94 and guidelines of the socioeconomic development plan for 1994-95 fiscal year as presented by Khamphoui Keoboualapha, deputy prime minister and chairman of the Planning and Cooperation Committee.

2. Endorsed the government's report on the implementation of the state budget for 1993-94 and the state budget plan for the 1994-95 fiscal year as presented by Khamsai Souphanouvong, minister of finance.

3. Endorsed the law on bankruptcy of enterprises and law on warranty as presented to the National Assembly by the government.

4. Heard and discussed the report assessing the National Assembly's achievements in its work in the 1993-94 fiscal year; approved the direction and duties for the 1994-95 fiscal year and the Third National Assembly's working program for the period from now until 1998 as presented by chairman of the National Assembly; heard and discussed the report on the work achievements of the Supreme People's Court as presented by Kiat Kiattisak, chairman of the Supreme People's Court; and heard and discussed activities of the Public Prosecution Organization in carrying out its duties as presented by Khamla Sai-gnasan, chief public prosecutor.

In addition, the session invited a number of ministers and deputy ministers to explain various issues related to the implementation of the socioeconomic development plan and the state budget as well as the enforcement of the Constitution and laws by various services raised for deliberation by National Assembly members. The session praised and hailed multiethnic people of all strata and both state and private sector businessmen sectors for heightening the sense of ownership of the country in exercising their rights and fulfilling their obligations in contributing to the defense and the building the country. The session also hailed foreign residents in the Lao People's Democratic Republic [LPDR] for implementing their rights and duties in accordance with the laws and regulations of the LPDR.

The session also called on compatriots of all tribes and all strata, including Lao residents abroad, as well as state and private sector businessmen, to promote and expand the traditional patriotic spirit, the spirit of cherishing the new system, the spirit of perseverance and industriousness, the spirit of self-reliance and self-strengthening, and the spirit of practising thirft, and to join in implementing the socioeconomic development plan for the 1994-95 fiscal year to build a prosperous and strong country and bring about a plentiful and happy life for the multiethnic Lao people. The session called on all cadres, state employers, soldiers, police, and Lao citizens to take the initiative in studying the Constitution and laws, promoting and expanding the rights to ownership of the country, enhance the sense of respect for state regulations and laws, strengthen unique solidarity and to be determined to strive to fulfill the political tasks as entrusted by the nation and people.

The session highly assessed the precious cooperation, support, and assistance given by various countries as well as international organizations to the Lao people in carrying out the national construction cause. The session expressed the hope that the LPDR will receive more cooperation, support, and assistance from the various countries and international organizations.

The session agreed that the National Assembly will do its utmost to promote and expand, with new quality, its roles and responsibilities as a legislative organization and concurrent organization to inspect and follow up the work of the organizations of the executive and judiciary to be genuinely worthy of being an organization representing the rights to mastery of the people. The National Assembly is determined to positively encourage and motivate the people to join in implementaing the socio-economic development plan for the 1994-95 fiscal year and to actively contribute to the foreign affairs tasks in the interest of world peace, stability, friendship, cooperation, and security.

Vientiane, 14 October 1994

The Fifth Ordinary Session of the Third National Assembly.

Thank you.

Philippines

Ramos Hails Singapore, Saudi Arabia Visits

BK1810105894 Quezon City PTV-4 Television Network in English 0422 GMT 18 Oct 94

[Speech by President Fidel Ramos upon his arrival at Ninoy Aquino International Airport from his state visits to Saudi Arabia and Singapore—live; italicized passages in Tagalog]

[FBIS Transcribed Text] I am delighted to be back in our beloved country from a state visit to the Kingdom of Saudi Arabia upon the kind invitation of the custodian of the two holy mosques, King Fahd Bin-'Abd-al-'Aziz Al Sa'ud. Our delegation was most graciously received by the king and other leaders of Saudi Arabia, and by his government and people. We also had the moving experience of meeting with three large groups of our *fellow countrymen* who have distinguished themselves by their work in the Middle East.

This visit had long been overdue, but I am glad that it took place at this time for it gave us the opportunity to express to the leaders and people of Saudi Arabia our solidarity with them at this moment of crisis and potential conflict in the Middle East. Despite the tensions that have arisen again in that area, the momentum for a true and lasting peace in the region as a whole has been maintained. It was indeed an opportune time for us to visit Saudi Arabia which is the keystone of both the Middle East and of the Islamic world.

Saudi Arabia holds a position of leadership in the Middle East, in the Arab world, and in the Islamic world. King Fahd has a special stature not only as the lifetime ruler of that country but also as the custodian of the two holy mosques. And Saudi Arabia hosts the headquarters of the Organization of Islamic Conference as well as of Islam's holiest sites. It is in this roles that Saudi Arabia has been exerting a positive influence on the peace process in the southern Philippines. And thus, has contributed enormously to the emergence of Mindanao as a dynamic growth area of our country.

Saudi Arabia has also been a major source of crude oil for our country, a fuel that supplies much of our energy needs. And it is the place of work for hundreds of thousands of our countrymen whose labor contributes so much to many Filipino and Saudi families and to the economies of the Philippines and Saudi Arabia. These are all the elements in a long-standing relationship that we value deeply.

The message to Filipinos everywhere of King Fahd is this: We are all brothers and we belong to one brotherhood. Truly and never have I seen, heard, nor felt such a deep sentiment for Filipinos in any leader that I have met in the course of my visits abroad. Never have I felt such sincerity, friendship, and appreciation for Filipinos than in this eminent ruler who manifests and acknowledges openly the substantial and long-term contributions of our countrymen to the progress, development, and prosperity of his kingdom.

The sentiments of the king were amply demonstrated in the most hospitable treatment of our delegation by his government. We were welcomed and sent-off by ranking members of the royal family led by Crown Prince and First Deputy Prime Minister 'Abdallah Bin-'Abd-al-'Aziz Al Sa'ud. The king himself hosted a royal banquet for our delegation lasting past midnight, and thereafter stayed on for a larger bilateral meeting on pressing matters of common concern.

I would like to report to our countrymen that the welfare and well-being of our *fellow countrymen* are indeed an abiding concern of the king and his government. The same is true for the peace process in Mindanao for which Saudi Arabia expressed unremitting support as well as the need to pour in investments in that part of our country.

Philippine diplomatic relations in the Middle East are steadily and surely gaining ground on four fronts: diplomacy for peace, overseas workers' welfare, economic cooperation, and crisis management.

We view the reduction of tensions along the Iraq-Kuwait border with a sense of relief born out of a shared desire for lasting peace in that sensitive flashpoint. Nevertheless, I have instructed our chiefs of our foreign missions in the region that continuing vigilance is imperative. In this regard, I have also directed that all our related contingency plans be upgraded to respond effectively to varying situations.

Our diplomatic efforts in that part of the world are also intimately concerned with the broadening, understanding, and support among the member states of the Islamic Conference Organization, or ICO, as to the peace process in the southern Philippines.

I had the opportunity to meet with Dr. Hamid Algabid, secretary general of the ICO, with whom I had candid discussions on the status and prospects of the ongoing peace negotiations between our government and the Moro National Liberation Front, or MNLF.

In the same vein, I also met with Dr. (Farid Yassin Qurashi), secretary general of the International Islamic Relief Organization, under the Muslim World League, or rabita, a leading Islamic institution engaged in peace and humanitarian endeavors including here in the Philippines.

Diplomacy for peace is an integral part of our foreign policy and it transcends our quest for peace at home, and is part of our commitment to peace everywhere in the interest of freedom and human dignity.

The most startling episodes in my visit were my meetings with overseas contract workers and their families. I am glad to know that they are now a rallying force behind our shared vision of Philippines 2000. Even while they are miles away, they yearn to be a part of the national mainstream of progress. They cheered as I recounted to them my conversation with King Fahd as they took great pride in the acknowledgment of their services and contributions to the progress of the Kingdom of Saudi Arabia.

The welfare of our overseas contract workers—our OCW's—our contributions to the world was also a central focus of our priorities. Upon the recommendation of our ambassadors in the Middle East, I instructed the secretaries of foreign affairs and labor and employment to draft a comprehensive policy on the deployment of domestic helpers which we must now try to reduce in numbers. This shall be a part of a joint undertaking among concerned government agencies to troubleshoot all the defects in our mechanisms and processes to ensure a greater degree of workers' welfare. Relatedly, it was also the consensus to expand government and nongovernmental, or NGO, coordination in this area under the country team concept.

In the main, the outlook for our foreign relations in the pivotal region of the Middle East is most positive and marked with constructive opportunities especially in the promotion of investment, trade, technology transfer, labor, and tourism. In all these sectors, our country will pursue a growth-oriented but prudent diplomatic strategy for mutual benefit among the countries concerned.

King Fahd and I agreed that we must now pay much greater attention to our political ties and to the economic foundation of our relations which lies in the increase and diversification of trade and investments between us. It was in this spirit that I had comprehensive discussions in Jeddah, with Saudi Arabia's business leaders and top employers. The Philippine Chamber of Commerce and Industry and the National Chamber of Commerce and Industry of Saudi Arabia concluded an agreement for expanded cooperation between them. I am confident that as a result of this visit, the next few years will bring a more extensive and even much richer economic relationship between the Philippines and Saudi Arabia than has ever since... [pauses] has ever been seen before.

To King Fahd, to the other leaders of Saudi Arabia, to the country's business community, I conveyed the message: that the Philippines is back in business at the heart of the most dynamic region of the world; that political and economic reforms have taken root in the Philippines, leading to a regime of political stability and self-sustaining economic growth; that the Philippines is bursting with new-found energy; and that Saudi Arabia can profitably participate in our country's development.

This is also the message that I asked our ambassadors in the Middle East to spread in their areas of assignment. At the workshop which I directed our ambassadors to convene in Jeddah, I exhorted them to promote the whole range of relations with 12 countries of the region. I asked the representatives of the Filipino community whom I met to bring the same message to the hundreds of thousands of our countrymen in Saudi Arabia and in other countries. And I also shared with them the good news about the Philippines, and together with them looked forward to the day when they would find right in our own country the opportunities for work and not anymore abroad.

It was a message of peace that I brought—peace for development, peace with honor, and enduring peace under our Constitution. It was also a message of progress—progress for our people, including our brother and sister Muslims everywhere in the Philippines who have been given much greater autonomy and responsibility for their own governance.

On my way to Saudi Arabia, as you already know, I visited Singapore to address the Europe-East Asia summit of the World Economic Forum, or WEF. To a large audience of top government leaders, industrialists, bankers, and corporate executives, I emphasized how the rapid economic growth, the bright prospects of enduring peace and stability, and the progressive integration of Southeast Asia are presenting Europe with unparalleled opportunities for trade and investment in our part of the world. I described how we have restored Philippine competitiveness to the heart of this dynamic but stable region through national reconciliation; economic liberalization; privatization and build-operate-and-transfer, or BOT arrangements; growth-oriented policies; social reforms; the enlargement of the middle class; and making democracy work, all of which have resulted in an unprecedented degree of political cohesion and a dramatic turnaround in our national economy.

I took the occasion of this visit to promote the bilateral relations between the Philippines and Singapore. In my meetings with Singapore's new president, President Ong Teng Chong and Prime Minister Goh Chok Tong, we noted with satisfaction how much our partnership in trade and investments have grown in the past 18 months, and also how much more could be done and needed to be done.

Together with Prime Minister Goh, we launched the Philippine-Singapore Business Council. It should go a long way in stimulating joint activities between our business communities. In the spirit of the Europe-East Asia summit, I also had a dialogue with 75 chief executive officers of top European and East Asian companies. And I held separate meetings with the Singapore business community, including the Keppel Group, which has had extensive interest in the Philippines for so many years; Temasek Holdings; the Sembawang Group; the Kuok Group, which also has substantial investments in the Philippines; the Jurong Corporation; and leaders of the Singapore-Chinese Chamber of Commerce and Industry.

Among the others whom I briefed about the Philippines were groups of top Malaysian businessmen on the occasion of the signing of a memorandum of understanding for the purchase by the Westmont Group of Malaysia of 55 percent of the shares of the National Steel Corporation, as well as another agreement for the co-production in the Philippines of the Proton line of Malaysian cars.

I witnessed the signing of three memorandum of understanding that will substantially advance business linkages in the East ASEAN Growth Area, or EAGA, in terms of fishing, the manufacture and distribution of detergents, and shipping. Also signed was an agreement with the Ital-Thai conglomerate, one of Thailand's biggest, relating to the development of Clark as an international airport and maintenance center, and the construction of expressways and mass transit systems leading to it from Manila and elsewhere. The third was in regard to the design and engineering of a new expanded terminal at the Ninoy Aquino International Airport.

My stay in Singapore offered the opportunity to meet with other Southeast Asian leaders who also participated in the Europe-East Asia summit, principally, the Prime Minister of Malaysia, Datuk Sri Dr. Mahathir bin Mohamed. We agreed to further accelerate the remarkable progress that our bilateral relations have achieved since my visit to Malaysia in January 1993 on a wide range of interests, including trade, investments, defense cooperation, the EAGA, border coordination, labor relations, and tourism.

I also met with Singapore Senior Minister Lee Kuan Yew who is now happy that we have no more brownouts in the Philippines, as well as Prince Norodom Ranariddh, co-prime minister of Cambodia, in which country's stability and progress all of Southeast Asia has a great stake.

We made it a point to visit the two other legs of the first ever growth triangle in Southeast Asia, the so-called Sijori Triangle which consists of Singapore, Johor in Malaysia, and Indonesia's Riau archipelago. In Batam Island and in Johor Baharu, we were briefed on and observed the dynamic borderless economic cooperation that is the essence of the growth triangle concept, of which our own EAGA is ASEAN's latest undertaking.

In Singapore, one of the first things I did was to meet with several hundred members of the progressive Filipino community there.

In sum, my dear countrymen, my state visit to the Kingdom of Saudi Arabia and my engagements in Singapore advanced the peace and economic progress of our beloved Philippines through cooperation among the governments, business leaders, and peoples of the countries that we visited or contacted.

In these terms and thanks to your prayers, our mission was a success. And for all these, and for keeping us, all of us, safe and secure, we thank the Good Lord for His blessings on our beloved Philippines. We're glad to be home, now let's all go back to work.

Thank you. Long live the Philippines.

Article Outlines Ramos-LDP Alliance Problems

BK1410144994 Hong Kong FAR EASTERN ECONOMIC REVIEW in English 20 Oct 94 p 22

[Article by Rigoberto Tiglao in Manila]

[FBIS Transcribed Text] "All politics is local," goes the American adage, and it has proved true indeed in the former American colony of the Philippines. In the last general elections, for example, presidential aspirant Ramon Mitra was defeated when regional politicians abandoned him to concentrate on their own campaigns.

Now it's President Fidel Ramos' turn to be brought up short by local ambitions. The electoral alliance forged in August between Ramos' Lakas-National Union of Christian Democrats (Lakas-NUCD) and the largest opposition group, Laban ng Demokratikong Pilipino (LDP), could have signalled an end to the Philippines' raucous political squabbles. But the compact was flawed to begin with, and now a quarrel over candidates for congressional seats and provincial governorships threatens its disintegration.

The alliance was meant to solve Ramos' biggest problem: an LDP-dominated Senate. Much of the legislation Ramos believes most crucial has been delayed or blocked in the 23-man upper house of the bicameral Congress, which the LDP controlled with its 17 members. The alliance planned to field a common slate divided equally between the Lakas-NUCD and the LDP for the 12 Senate seats to be contested in the 1995 elections.

That was the easy part. Problems arose when it came time to decide who the alliance's candidates would be for the local posts—mainly the 200 members of the House of Representatives and governors of the 76 provinces. Lakas and the LDP members decided to deal with that problem later. In the meantime, they agreed on the so-called "equity of the incumbent" principle. This meant that incumbents who wished to run for re-election would automatically be the alliance's candidates.

The LDP appeared to be short-changed in the deal, because defections to Ramos' party since 1992 have left it with only 20 members in the House of Representatives and eight governors. But it was the best deal the group could cut. It would at least maintain its control of the Senate, because its six incumbent senators on the common slate would be virtually assured of re- election, and the terms of 10 others run until 1998. The party would also be assured that its 20 members in the House and its governors would retain their posts.

But then Ramos seemed to renege on the deal by claiming that the equity-of-the-incumbent rule "doesn't apply automatically," and that "performance will be a criterion." Later, administration officials announced that the provinces of Cavite, Ilocos Sur, Catanduanes, Batangas and Basilan would not be covered by the rule.

The controversy has demonstrated once again that Philippine parties don't have distinguishing ideologies or agendas, but are merely vehicles for electoral contests. The country's politics is driven, on the one hand, by the tension between the president and the party he controls. On the other, it is impelled by the give and take between the president and local political bosses, mainly provincial governors and congressmen.

The regional bosses require central-government support for infrastructure and other projects in their localities—which they use to woo the voters. They therefore rush to join the party in power as soon as they get elected. Under strongman Ferdinand Marcos, for instance, local bosses flocked to his Kilusang Bagong Lipunan for patronage. In Corazon Aquino's time, they moved to her LDP; and now, under Ramos, to his Lakas-NUCD.

The incorporation of these bosses into the ruling party gives it the political support necessary to accomplish its agenda. Ramos' Lakas-NUCD has seen its congressional ranks swell to 130, from only 31 when he became president. Likewise, it now has 40 governors, compared with only a handful who won in the 1992 elections under the Lakas banner.

However, incumbent local bosses constantly face threats to their posts in forthcoming elections. Groups eyeing the presidency gather political strength by recruiting former provincial and municipal leaders shut out for one reason or another by the party in power. No wonder then, that the LDP has stuck to its position that Ramos' Lakas-NUCD comply with the terms of the alliance and support all its incumbent governors.

The five provinces where Ramos says the equity-of-the-incumbent rule won't apply comprise only a fraction of the 76 in the Philippines. But it wasn't coincidental that all their governors are from the LDP. None of them gave Ramos any support when, as an LDP member, he sought the party's presidential nomination in 1991.

Governor Juanito Remulla, political overlord of Cavite province for the last 18 years, seems to be particularly repugnant to Ramos. Cavite is adjacent to Manila and has been booming because of an influx of Japanese and South Korean investors. Ramos received a statistically improbable zero vote in Cavite's LDP convention.

LDP leaders claim Ramos is violating the terms of the alliance with his stance on the five provinces. If the LDP acquiesces to the provinces' exclusion from the agreement, they argue, it stands to lose its credibility. It could also be hit by defections as its local politicians seek a national party to back them in the polls.

Remulla himself has hinted as much. "If the equity-of-the-incumbent rule is not honoured, you'd see those not with the alliance flocking to the NPC," he said. The NPC is the Nationalist People's Coalition, set up by former Marcos arch-crony Eduardo Cojuangco. Its president, Senator Ernesto Maceda, quickly announced that his party is ready to receive Remulla.

For the moment, both sides in the Lakas-LDP alliance are in a holding pattern. Ramos continues to stick to his position that the incumbent rule won't apply to the five provinces, and his party has given him authority to choose its local candidates. The LDP, on the other hand, has postponed until November 14 a convention that was due this month to ratify the alliance.

Thailand

Lawyers To Interpret Amity Treaty With U.S.

BK1710114694 Bangkok BANGKOK POST in English 17 Oct 94 p 32

[FBIS Transcribed Text] The Treaties and Legal Affairs Departments of the Foreign Affairs Ministry and the Juridical Council have been designated to interpret the 1966 Treaty of Amity and Economic Relations between Thailand and the United States to determine whether insurance should be excluded.

Article IV of the treaty lists seven business areas as excluded from protection under the national treatment principle. They are: telecommunications, transportation, fiduciary, financial services, to yield benefit from land, to yield benefit from other natural resources, and internal trading of native agriculture.

Tirana Bhongmakaphat, an advisor to Deputy Prime Minister Suphachai Phanitchaphak and the head of the subcommittee to amend the Thailand-US Treaty of Amity, said the design specially objects to categorise the Universal Insurance Co, a 99.84 percent foreign-owned company, to be considered as a Thai company.

The Juridical Council will also interpret whether the insurer meets Section 115 of transitional provisions of the Non-Life Insurance Act BE2535 (1992). The act allows a company with a branch office to separate from its head office to continue its branch office operations.

Mr Tirana said the case of Universal, known in Thailand as the Phaisan Insurance Co, is considered a complicated one but at the last Thursday meeting the 11-member subcommittee initially rules that Universal is a Thai company. [sentence as published] But the International Economic Policy Committee, appointed by the cabinet to consider the insurance and treaty cases, will issue a final determination.

The Thai insurance law—1992 Life and Non-Life Insurance Act—which came into force in April, 1992 provided that a Thai insurance company should have no less than 75 percent of Thai nationality shareholders. The act prohibits any firm without such share-holding structure to open branch offices.

Five other insurance companies—Guardian Insurance (Thailand) Co, 49 percent foreign-owned; Commercial Union Insurance (Thailand) Co, 49 percent foreign-owned, New Zealand Insurance (Thailand) Co, 49 percent foreign-owned, Bangkok Insurance Co, 29.99 percent foreign-owned; China Insurance Co, 48.67 percent foreign-owned; and Si Muang Insurance Co, 28.02 percent foreign-owned—are prohibited from opening new branches.

Universal Insurance Co first registered by Thai businessmen in 1952 and its shares later bought by American International Group, is the parent company of the leading life insurer American International Assurance (AIA). AIA is 99.84 percent foreign-owned.

AIA has sought permission to open 11 branch offices, however, the new law prevents the application's approval based on the firm's shareholding structure.

Mr Tirana said Thailand should amend its insurance laws that provide too much protection for local insurers making them less competitive.

Mr Tirana, an academic of the Chulalongkon University's Economic Faculty, said over the weekend that it is not necessary for Thailand to amend insurance laws in accordance with the General Agreement on Trade in Services as maturity of Thai insurers to compete with foreign insurance companies should be considered. To compete with the future tough market, local insurers should concentrate on reinsurance to foreign companies to share risk.

Mr Tirana said the case of Universal is not included on the agenda for the Thai-US economic talks to be lead by Deputy Prime Minister Suphachai scheduled for October 18-20 in Washington.

However, the proposed agenda will cover Thailand's progress on the following pending bilateral issues: intellectual property rights, worker's rights, civil aviation, tax treaties, Generalised System of Preference, Farm Act, antidumping and countervailing duties, Treaty of Amity and Economic Relations, and other private sector issues.

The agenda will include prospects for future economic opportunities for US companies to participate in major Thai industries and infrastructure projects. A new economic framework for the two countries is also expected to be ironed out.

Meanwhile, Deputy Commerce Minister Chaloemphon Sanitwongchai said last week the ministry will propose this month an insurance liberalisation plan to the Cabinet for approval.

The draft guidelines for the industry's liberalisation was prepared by a committee chaired by former deputy permanent secretary for Commerce Sanit Worapanya and seven senior Commerce Ministry's officials.

Chuan Reveals Bid To Move Nine Coup Suspects

BK1910045294 Bangkok BANGKOK POST in English 19 Oct 94 p 8

[FBIS Transcribed Text] Thailand is making efforts to change the place of detention of the nine Thais held in Cambodia for suspected involvement in the failed July coup, Prime Minister Chuan Likphai said yesterday.

"We are trying to negotiate for them to be transferred from their place of detention. We don't know if this is possible but we are trying," the Prime Minister said. Mr Chuan on Monday came under pressure from relatives of the nine to help obtain their release, with a sister of one of the suspects threatening to take rat poison.

The same group of relatives took their plight to the Law Society of Thailand yesterday and the Society's president Sak Kosaengruang subsequently announced plans to send a team to Cambodia to seek ways of helping the nine.

The nine suspects were arrested on July 3, one day after the failed coup, and spent the first weeks of their detention in a hotel in Phnom Penh.

According to Amnesty International, they have been detained at the T3 prison—"in very cramped conditions with poor toilet facilities"—since Cambodian authorities released five other suspects on August 19.

Thailand cannot order the immediate release of the nine because this is a decision for the Cambodian authorities to make, Mr Chuan said.

"We don't know if any of the nine were involved. All we know is that the Cambodian Government has made no decision, so we have to assume that our people are innocent," he added.

So long as the case is not concluded, Cambodia is entitled to detain the suspects, he said.

What is not certain is the length of time that Cambodian authorities are entitled to hold the suspects, the Prime Minister added.

But it is "a good thing that no formal charges have been filed," he noted. If the nine had been formally charged "it would be more difficult," he said.

Mr Sak said the Law Society's team would visit the nine detainees, ascertain the charges they faced, and find ways of ensuring that their rights are protected.

Mr Sak said he would contact the Cambodian Embassy in Bangkok about the Law Society of Thailand's planned trip, and urged Cambodian authorities to cooperate with what he stressed was a private organisation. Cooperation would benefit bilateral relations and trade, he added.

In a written statement released yesterday, the Society said the nine had been "detained for a longer period than is appropriate", with their offences unclear.

The Society urged the Foreign Ministry to ensure that the nine enjoy basic rights.

At the same time, the Law Society said there were "facts" indicating that Cambodian authorities were holding the nine in order to attain "other political goals".

The Law Society cited Cambodia's wish for military aid from the international community and for access to two Thais who are suspected of having played a key role in the coup attempt.

Government Urged To Help Cambodian Coup Suspects

BK1910130294 Bangkok SIAM POST in Thai 19 Oct 94 p 4

[Editorial: "Human Rights Violation"]

[FBIS Translated Text] Amnesty International has appealed to the Cambodian Government to discontinue actions that constitute human rights violations against nine Thais who have been detained since the reported abortive coup on 2 July. Fourteen Thais had originally been detained but five have already been released. A probable motive for the detention is to pressure the Thai Government.

Amnesty International, whose headquarters is in London, criticized the Cambodian leadership for detaining the nine Thai coup suspects without trial in violation of the Cambodian constitution, Cambodian law, and international law on civil and political rights.

If the suspects had really been involved in the coup attempt, they should have been given fair legal process, and charged and tried in court. It is the observation of Amnesty International that the detention is aimed at pressuring the Thai Government to allow Cambodian Government officials to question 12 other Thai nationals.

In any event, a cause of the Cambodian leadership's dissatisfaction with Thailand is the Thai failure to comply with its request to extradite Khmer Rouge members residing in Thailand and repatriate their assets. Compliance with the request would violate Thai law and international practice.

Another major reason is the Cambodian Government's desire to pressure Thailand into declaring a policy of cooperation with Cambodia and nonsupport for the Khmer Rouge. This is despite the fact that Thailand is already a signatory of the Cambodian peace agreement signed in Paris in October 1991, and its nonaligned foreign policy.

Cambodian King Norodom Sihanouk recently sent a message asking First Premier Prince Norodom Ranariddh to consider releasing the detainees in the interest of future good relations with Thailand.

The detained Thais have suffered for three months without being charged or subjected to any judicial process. Moreover, the Thai embassy in Phnom Penh has not had satisfactory access to them.

Now that Amnesty International has appealed to the Cambodian Government to release the nine Thai detainees as it is clear that the Phnom Penh detention is illegal and violates human rights, it should be also time for the Thai Government to call on Phnom Penh to comply quickly with the appeal.

* Denials on Khmer Rouge Said 'Not Enough'

94SE0253B Bangkok THAN SETTHAKIT in Thai 25-27 Aug 94 p 8

[Editorial: "The Cambodian Problem—Do Not Let It Make Thailand a Villain in the Eyes of the World"]

[FBIS Translated Excerpt] It is a fact that Thailand has been an important participant in applying pressure to make the various factions in Cambodia reconcile their differences so that Cambodia now has the opportunity to experience peace again even though it still has various problems to clear up, especially the problem of the "Khmer Rouge". [passage omitted]

Since the Cambodian government opened its critical offensive against the Khmer Rouge at the beginning of last year, Cambodian trade and investment have stumbled. Foreign investors have chosen to wait and see. And when there was a roundup of those accused of preparing a major coup d'etat not long ago, Phnom Penh became almost a ghost town. With regard to both the sweep against the Khmer Rouge and the roundup of those accused of preparing the coup d'etat, there were reports which implicated Thailand. These reports which were disseminated throughout the world mentioned that Thailand supported the Khmer Rouge and was involved in the coup d'etat. [passage omitted]

The Thai Government has stated its position time and time again that it would not interfere in the internal affairs of Cambodia and has given assurances to the present elected government of Cambodia. But the charges against Thailand keep coming out as if the news offices around the world have a grudge against Thailand. Therefore, just making announcements is probably not enough. The government must prove for all to see what its policy toward Cambodia really is. If it cannot do this, it will be punished for a complete lack of competence.

Burma Said 'Reluctant' Over Border Bridge

BK1710080994 Bangkok BANGKOK POST in English 17 Oct 94 p 6

[FBIS Transcribed Text] Rangoon's caution about opening up the country looms as a problem as Burma and Thailand prepare to sign an agreement for construction of a bridge across the Moei River.

Deputy Foreign Minister Surin Phitsuwan represents Thailand at the signing ceremony scheduled to take place in Rangoon this morning. Burma's signatory is Col Aung San, the Deputy Minister of Construction. The move comes five years after the two sides began discussing the bridge idea.

According to a well-placed source, Thailand would like the new bridge to be a channel for goods and people to travel all the way to Rangoon. But Rangoon's military junta is reluctant to let goods and passengers crossing the bridge from Thailand penetrate more than five kilometres into Burmese territory, the source said.

Although this is apparently a sensitive point, the two sides seem confident of eventual settlement because they have agreed to discuss this and other outstanding problems as construction of the bridge proceeds.

The bridge across the Moei River will connect Mae Sot district, in Thailand's northwestern province of Tak, with Myawady town in the Kachin state. The Thai Government will pay for construction of the Mae Sot-Myawady bridge, which is expected to cost 79.2 million baht. Construction is due to be completed 18 months after the foundation stone is laid on Thursday.

Thailand's representative will again be Mr Surin and Burma's will be Construction Minister U Khin Maung Yin.

Mr Surin co-chairs what is formally known as the Committee for the Construction of the Thai-Burmese Friendship Bridge.

A Thai-Burmese technical sub-committee related to this will be in charge of thrashing out lingering problems which concern access, traffic, jurisdiction and ownership.

"The Thai side would like to enable goods carried across the bridge to be transported as far as Rangoon, 300 kilometres from Myawady town," the source said. "But Burma so far is reluctant to let goods or passengers from Thailand travel beyond Myawady," the source said.

Burma wants to apply to the Mae Sot-Myawady bridge a long- standing agreement whereby the two countries permit people to travel only as far as five kilometres into one another's territory.

The five-kilometre limit is in force for travelers using the crossing at Tachilek in the northern Thailand province of Chiang Rai.

If this was the case for the Mae Sot-Myawady bridge, there would be few users from the Thai side, the source said.

The new bridge would then meet the same problem as that facing the Thai-Lao bridge across the Mekong River.

"Few people use the Thai-Lao bridge to travel to Vientiane because they have to leave their cars at the Laotian end of the bridge and change into a Laotian vehicle to continue their journey," the source said.

As in the Thai-Lao bridge, the traffic problem arises over different systems, with Burmese driving on the right while Thais drive on the left.

The current plan calls for traffic lights to be installed on the bridge to regulate the problem. But after an initial period U-turns are expected to be built in at the ends of the bridge, using funds separate from the 79.2 million baht envisaged for bridge construction.

The question of jurisdiction remains open because the two sides have yet to decide whether to draw the line at the middle of the bridge or at the territorial boundary, which is marked by respective embankments of the Moei River, according to an agreement reached between Thailand and Britain last century.

Ownership had also to be settled but was not a major problem, the source said.

"Negotiations about the regulations on the Thai-Burmese bridge are easier than those for the Thai-Lao bridge," the source said. The two sides have agreed that use of the bridge will be free of charge. The bridge across the Moei River will be 430 metres long and 13 metres wide and allow for two lanes of traffic.

The cabinet in March this year agreed that Thailand would shoulder the construction costs. Burma will provide the unskilled labour.

The Mae Sot-Myawady bridge will form part of the 65,000 kilometre Asia Highway, or A1, which starts in Turkey and links Iran, Pakistan, India, Bangladesh, Burma and Thailand and ends in Ho Chi Minh City, Vietnam.

During his day-long trip to Rangoon today, Mr Surin is also due to meet the first secretary-general of State of Law Ordered Restoration Council Lt-Gen Khin Nyunt. Talks are also planned with Livestock and Fisheries Minister Brig-Gen Maun Maung and Construction Minister U Khin Maung Yin.

Mr Surin is also due to hand over Thai Government aid for three projects in Burma. These include a donation of 1.25 million baht for vocational training of people living in border areas, 1.92 million baht for repairing a Thai room in the Buddhist province of Kaba-aye and 250,000 baht for what is known as the Hanthawadi study programme. Mr Surin is also to hand over 20 sets of robes for Buddhist monks as well as a Buddha image.

Chinese Association Fetes Beijing Delegation

BK1710135094 Bangkok ZHONG HUA RIBAO in Chinese 14 Oct 94 p 6

[FBIS Translated Excerpt] Li Jinghe, chairman of the Thai-Chinese Trade and Investment Promotion Association, held a welcoming banquet in honor of the Beijing government delegation led by Chen Xitong, senior adviser to the Beijing municipal government, at Chao Sua restaurant on 11 October.

Those invited to the banquet included Bangkok Governor Kritsada Arunwong na Ayutthaya; Chinese Embassy Counselors Chen Zhongcheng and Li Mao; Chinese Embassy Secretaries Feng Changwei and Wu Jun; vice chairmen of the Thai-Chinese Trade and Investment Promotion Association Zhang Chaojiang, Chen Youzhi, and Li Tiancai; Xie Bing, vice president of the Charoen Phokkhaphan Group; and Xie Yi, managing director of the Thai-Chinese International Trade Promotion Center. The banquet was held in a cordial and friendly atmosphere. [passage omitted]

Daily Laments 'Failed' Government Foreign Policy

BK1810094794 Bangkok THE NATION in English 18 Oct 94 p A6

[Report by Rita Patiyasewi]

[FBIS Transcribed Text] Two years ago this Friday Prime Minister Chuan Likphai first announced his government's policy in parliament. The policy statement, which contains the nation's foreign policy, was to have prepared Thailand for changes in the post-Cold War era and keep it abreast with increasing globalization, as well as consolidate its relationships with its neighbours.

In retrospect, however, the policy that could have earned the country respectable acceptance into the international community has failed in its implementation, especially in the case of Cambodia and Burma.

Thailand's accession to the 1966 International Covenant for Political and Civil Rights at the Second World Conference on Human Rights in Vienna last June was but a display of good intentions and desire to boost its image in the international arena. However, its actions towards its two neighbouring countries totally contradict the principles and approaches of the international declaration.

Thammasat University Associate Professor Surachai Sirikrai, Director of the Institute of East Asian Studies, believes Thailand's handling of the Burma issue is debatable when linked to the foreign policy. He says any assessment of the government's policy must consider whether the objectives have been achieved.

"Any country using values, religion, or a certain idealistic approach as the norm in formulating its government policy and strictly adhering to it would definitely win praise. But this idealistic approach may collide with national benefits which are the practical and basic needs of its people. In my opinion, the Thai government's main objective is to serve the national interest and look after the well-being of its people," he said.

Thailand's highly criticized policy towards Burma—the so-called constructive engagement approach—was a justification to serve national interests.

"It is true that we gain economic benefit in our relationships with Burma. We need their natural resources such as gas, crude oil and fisheries. But by trying to bring Burma out of total isolation, Thailand is in fact wooing her away from the grasp of China which could easily offer assistance for the next 50 years. Western countries should realise this and even if Burma does not want to move closer to China, it would have to if left with no other choice."

Surachai said that in the case of Cambodia, although Thai authorities have frequently denied they support the Khmer Rouge, doubts still linger about the involvement of some military individuals with the outlawed group.

"This is one impeding issue in the government's foreign policy. The discovery of ammunitions storage in Chanthaburi adds more suspicion."

At the national level, Thailand no longer needed the Khmer Rouge, said Surachai.

"It was different during the Cold War, when Vietnamese troops occupied Cambodia and national security was of the utmost importance. We needed the Khmer Rouge to counter Vietnam forces then," he said.

To gain international confidence, various authoritative bodies—especially those along the border—should follow the noninterference policy and leave the Cambodians to decide their own internal affairs.

Chulalongkon University political science lecturer Panithan Watthanayakhom thinks the problem lies with the policy makers and those who deal with national security.

"Events in past years clearly indicate that various national authorities have not followed a unilateral approach. There has not been enough consultations at the top levels of decision makers, and their failure to adapt to the new epoch in Cambodia has resulted in a disjointed foreign policy," said Panithan.

The Chuan government has reiterated its support for the legitimate Cambodian government and though seconded by military chief, events along the border have contradicted its policy.

Panithan said that the case of Burma was more complicated. Thailand was actually dealing with the military regime—the State Law and Order Restoration Council (Slorc)—which has not received recognition from the international community.

He said that Thailand has clearly stated its policy of "non- interference" and respect for "self determination" in Burma's internal affairs, yet Thailand's constructive engagement policy was a form of interference. Although this may not be inherently contradictory, it seemed to point to two objectives under the same goal which is to encourage positive change in Burma.

Panithan said that in principle, Thailand's foreign policy is "good and practical" but lacks vision.

"The ambiguity arises when its implementation does not comply with the policy laid down, and this goes back to the problem where government agencies work independently of one another with very little consultation. We have also not been quick enough to adapt to the changes that have swept across the globe," he said.

Panithan said that Thailand should reflect one policy in words and in deeds and be prepared to deal with emerging future events with one voice.

Surachai feels that the old way of thinking lies deep and the long-standing prejudice that Thailand has towards Vietnam bars it from taking an active role in the country.

"Vietnam is fast gaining international acceptance and Indonesia and Malaysia are taking the lead to bring Vietnam to join the Association of South East Asian Nations (Asean) while Thailand seems cool," he said.

IPR Issues To Be Corrected in Line With GATT

BK1910095794 Bangkok BANGKOK POST in English 19 Oct 94 p 5

[From the POST DATABASE Supplement]

[FBIS Transcribed Text] Three intellectual property rights issues in the areas of trade secrets, integrated circuit rights, and geographical source rights need to be urgently corrected if Thailand is to adhere to the General Agreement on Tariffs and Trade (GATT), according to Bandit Limsakun of the Ministry of Foreign Affairs.

He noted that a number of developing countries were now asking the World Intellectual Property Organization (WIPO) to help them draft copyright acts to be in line with GATT and the World Trade Organization (WTO).

He said that the 125 member countries had one year to bring their policies in line with those agreed at GATT while developing countries had five years.

Mr Bandit noted that now Thailand was studying three issues that had to be corrected, which included clauses on trade secrets, integrated circuit rights and geographical source rights.

The Intellectual Property Department had set up six subcommittees to study the law, he added.

Copyright Law May Be Delayed By Parliament

BK1810063194 Bangkok THE NATION in English 18 Oct 94 p F1

[Report by Nittaya Phacharoen]

[FBIS Transcribed Text] The Copyright Law may be delayed in the final amendment phase by the Thai Parliament due to political uncertainty, Yanyong Phuangrat, deputy director-general of Intellectual Property Department said last week.

According to Yanyong, the department anticipated that the new draft of the Copyright Law may not be finally approved by Parliament, who have to vote whether the draft should be rectified or not, although it has already been approved and rectified in wording by the Senate.

In the process of law-making, after approval and rectification by the Senate, the draft has to be sent back to Parliament for final approval.

Yanyong said political uncertainty, with the conflict between political parties in the government, may cause the new Copyright Law to be delayed, especially if parliament agrees to rectify the draft.

He said Parliament would hold a meeting at the end of this month when they will consider rectification of the draft. If Parliament approve the draft, the Prime Minister will dedicate it to the King for his assent. The draft would then be the law and would be effective by early next year.

"If the Prime Minister dissolves Parliament before its final approval it would need to be reconsidered by the new Parliament which will take a long time," he said.

Software Piracy Costs $29 Million Annually

BK1910100294 Bangkok BANGKOK POST in English 19 Oct 94 p 5

[From the POST DATABASE Supplement]

[FBIS Transcribed Text] The software industry, which is facing a move towards open systems and distributed processing, is forecast to grow 20-30 per cent worldwide yearly, and by the year 2,000 it should be worth over US$300 billion, according to Betagro Computer General Manager Bunrak Sarakkanon.

Mr Bunrak said that certain studies had shown that piracy was costing the software industry here some 720 million baht (US$29 million). He said that in reality the cost to Thailand was even greater when considering that the copyright issue was a sore point with countries that have agreed to the General Agreement on Tariffs and Trade (GATT) as well as other trading partners.

Mr Bunrak noted that a copyright law would be beneficial in a number of ways. At the national level, he noted that the law would reduce friction in international trade especially with the US that had been pushing for the implementation of this law for some time now.

The local software industry also stood to gain, he said, as more international firms would come in and set up distributors and support centres while Thailand would benefit from a greater transfer of technology.

Users would benefit by getting a greater variety of software to choose from while service would improve and prices would come down. Also Thai software developers would be more willing to invest in software development as they would be protected as well.

To improve the awareness of the need for copyright protection, Thiraphon Suwanprathip of the law firm Baker and McKenzie which represents the Business Software Alliance [BSA] said that the BSA would hold a number of seminars. The first such seminar, supported by the American Chamber of Commerce, would be for corporate executives and will be held on October 20.

Other seminars for those related to enforcing the copyright law such as police officers and public prosecutors would be held later.

Insurance Company's Branch Request Considered

BK1710120294 Bangkok SIAM POST in Thai 14 Oct 94 pp 17, 26

[FBIS Translated Text] The Subcommittee on Development of Economic Relations and Cooperation has decided that Phaisan Insurance falls within the scope of the provisional clause of the Non-Life Insurance Act, thus receiving an interpretation by the Juridical Council on its request to open 11 branches in various parts of the country in accordance with Article 115.

Tirana Phongmakaphat, adviser to Deputy Prime Minister Suphachai Phanitchaphak and chairman of the Subcommittee on Development of Thai-U.S. Economic Relations and Cooperation, disclosed after the 13 October meeting that the subcommittee has concluded that it will once again submit the Phaisan Insurance request to open 11 branches to the Juridical Council for interpretation.

Previously, the International Economic Policy Committee submitted the issue to the Juridical Council. The council interpreted the issue in accordance with the 1992 Non-Life Insurance Act and ruled that establishing the branches was prohibited.

According to Tirana, Phaisan Insurance registered as a Thai juristic body but did not fully meet the requirements and, therefore, was regarded as a foreign company. However, since it is a company under the provisional clause before the 1992 Non-Life Insurance Act came into existence, the company should receive a privilege. The committee thus decided that Phaisan Insurance's request to register its 11 representative offices as branches in accordance with Article 115 should be interpreted by the Juridical Council. The interpretation request will be sent to the Juridical Council on 14 October.

Article 115 says: Companies in accordance with Article 112 having offices separate from the main office and conducting business in accordance with the same article are to apply for branch licenses in conformity with the article or discontinue the offices. The action must be completed within one year from enforcement of the article. During this period the companies are not considered to have violated Article 16.

Article 112 says: Companies possessing a license to operate non- life insurance in accordance with the 1967 Non-Life Insurance Act are regarded as companies having received a license to operate non- life insurance in conformity with this article. Branches of the licensed companies operating before or on the date of enforcement of this article are regarded as licensed branches in accordance with the conditions set by the minister in approving the licenses.

Tirana said that in principle if a conflict exists between internal and international law, the protocol practice is that international law will take precedence.

If it becomes necessary to make an amendment between the 1992 Non-Life Insurance Act, which is an internal law, and the Thai-U.S. Amity Treaty, which is a law between two countries, the subcommittee feels that it is better to amend the insurance act because it will be easier and will involve merely adjusting the ratio of foreign shareholders from not exceeding 25 percent to not exceeding 49 percent. It is more difficult to amend the treaty because it is an agreement between two countries.

Regarding amendment of the Thai-U.S. Amity Treaty, the subcommittee decided that a joint Thai-U.S. meeting will be held to improve the treaty. The U.S. side will be asked to send representatives to meet with their Thai counterparts on this issue and both sides must sign the agreement.

In any event, before reaching the above decision the meeting approved the guideline that the Thai-U.S. treaty must be considered together with the insurance liberalization plan so that they will proceed in the same direction. Before reaching the conclusion that the treaty should be amended, there was a proposal to set a framework for a new treaty. The meeting, however, chose the direction of amending the draft agreement.

Insurance Companies Complain About Foreign Status

BK1910053894 Bangkok BANGKOK POST in English 19 Oct 94 p 30

[FBIS Transcribed Text] Insurance companies with foreign shareholders are complaining about their treatment by the Commerce Ministry as firms of foreign nationality, which disqualifies them from applying to open new branches.

Some branch offices of foreign insurance companies say they were invited by the Insurance Department some 10 years ago to comply with the regulations of Revolutionary Announcement 281 stipulating that Thai investors hold 51% of a company's shares.

Phot Chankomon, the then chief of the Insurance Department, was reported to be encouraging towards foreign branches wanting to become Thai companies.

China Insurance (Thailand) Co, Simuang Insurance Co, New Zealand Insurance (Thailand) Co and Commercial Union Assurance Co (Thailand) are among the firms whose operations here changed their status to that of Thai companies at that time. But today, under the 1992 Insurance Law and the recent Juridical Council interpretation in the Universal Insurance Co case, the firms' status has reverted to that of foreign companies.

The council's interpretation had it that Universal Insurance's 99.84% control by foreigners meant it was a foreign company according to the 1992 Life and Non-Life Insurance Laws.

This prevents those insurance companies in which more than 25% of the shares are owned by foreigners from applying to open new branch offices.

Universal Insurance's application to open 11 branch offices was turned down by the Commerce Ministry because of its many foreign shareholders.

The Government has asked the Juridical Council to define the status of the company as to whether or not it is Thai and therefore eligible to open branch offices.

Six other insurance companies find themselves in the same difficulties, with over 25% of their stakes controlled by foreigners, precluding them from opening branch offices.

Some of them are unruffled by the branch office controls, but Bangkok Insurance Co, 29.99% of the shares in which are foreign-owned, says the regulation will affect its expansion plans: it previously wanted to set up four new branch offices in Bangkok.

An executive of the company says several plots of land have been purchased and prepared for branch offices, motor insurance claim services arranged and a plot of land has been set aside in Rangsit and Phuttha Monthon (in the north and south of Bangkok, respectively).

Bangkok Insurance has branch offices in Chiang Mai, Hat Yai, Khon Khaen and on Phatthanakan Road in Bangkok. Its head office is on Silom Road.

The company has yet to decide whether to raise its registered capital from 200 million baht to 240 million baht, as earlier reported, in order to lower the foreign shareholding to under 25%.

The Commerce Ministry's move to liberalise the insurance industry for local and foreign investors by issuing new operating licences and increasing the proportion of foreign shareholders to more than 25% will allow the company to authorise the opening of new branch offices.

Suangsuda Piyakriangkrai, a senior manager at Simuang Insurance Co whose 28.02% shareholding is reported to be held by Japanese investors, says her company is not planning to set up new branches for the moment.

She says the company has been in existence for nearly 50 years and the shareholding structure has changed several times, so that the current foreign shareholding may not be as high as the 28

reported by the Insurance Department.

* Revenue Department Poses Tax Issues on Insurance

94SE0262B Bangkok THAN SETTHAKIT in Thai 15-17 Sep 94 p 6

[FBIS Translated Excerpt] [Passage omitted] A news source in the Department of Insurance talked about the progress made in having the Revenue Department grant tax wavers on the separation of life and casualty insurance companies as required by the 1992 Life and Casualty Insurance Act, which stipulates that companies engaged in selling both types of insurance must split apart within eight years. The companies that presently sell both life and casualty insurance have brought this matter to the attention of the department in an effort to get the Revenue Department to issue a clear regulation. The Revenue Department has said that this must be changed through a ministerial regulation. Splitting away and forming a new company involves three types of taxes, the income tax, the business tax, and the legal person tax. The insurance companies all know that amending the ministerial regulations will take time, because the Department of Insurance is not subordinate to the Ministry of Finance, as are the finance companies and securities companies, for which a ministerial regulation has already been implemented.

"The Department of Insurance submitted this matter last October. But the Revenue Department claims that it can't do anything until the ministerial regulation is amended. Even company executives have gone and explained things, but so far no progress has been made."

The news source said that as for the taxes that pose a problem when life and casualty insurance companies are split apart, the Revenue Code stipulates: 1. Companies must pay a tax by estimating the compensation based on fair market value. The assets turned over to the other company are to be considered a sale of assets; or if other assets, such as real property, are received without compensation being paid, the Revenue Department will consider that to be income. Tax will be computed based on the estimated value. 2. Assets on which taxes have been estimated cannot be depreciated. 3. The receiving company must pay taxes on income from accumulated profits.

PDP Cabinet List Unchanged; Thaksin Remains

BK1910045494 Bangkok BANGKOK POST in English 19 Oct 94 pp 1, 6

[FBIS Transcribed Text] The Phalang Tham Party [PDP] cabinet reshuffle remains unchanged with Thaksin Chinnawat nominated to the foreign minister post. Party leader Chamlong Simuang confirmed the party list before midnight last night after meeting for three hours with Prime Minister Chuan Likphai at Ban Phitsanulok to discuss the PDP reshuffle. He said before the meeting he had an alternative in mind to the telecommunications tycoon should his nomination meet with any problems. The PDP leader also denied his party may pull out of the coalition.

The Prime Minister has agreed to explain the PDP reshuffle list to the media, he said.

Maj-Gen Chamlong called on the Prime Minister last night to ask why checks into the constitutional qualifications of Mr Thaksin had been delayed.

Mr Chuan, Maj-Gen Chamlong, PDP secretary-general Sudarat Keyuraphan and cabinet secretary-general Wisanu Khrua-ngam, who is checking the qualifications of cabinet nominees, gathered at Ban Phitsanulok at 8.45 p.m.

Maj-Gen Chamlong said before meeting Mr Chuan that his party had already checked the qualifications of all 11 nominees and Mr Wisanu had informed him all along there were no problems. But he said there were obviously problems since the list was not submitted to His Majesty the King and this might be because Mr Wisanu had talked to other people who had raised doubts.

Maj-Gen Chamlong said the PDP would not insist on having Mr Thaksin as foreign minister if there was a problem as it already had an alternative in mind.

Sources said the alternative was Dr Krasae Chanawong, the PDP MP nominated as the university affairs bureau minister.

Two Democrat cabinet ministers said earlier Mr Thaksin had already passed the checks into his constitutional qualifications along with the rest of the 11 PDP nominees, including another non-MP, Wichit Suraphongchai. But there are still concerns about the stability of the Government should outsiders be included in the Cabinet because of conflicts within the PDP.

The ministers, who declined to be named, said Mr Thaksin had transferred all his business interests to people other than his wife and had resigned from all posts with the Chinnawat Computer and Telecommunications Group.

If the New Aspiration Party [NAP] makes no changes to its reshuffle list, then the lists compiled by the two parties could be submitted to His Majesty for royal appointment today. Concerns about the effect of the two outsiders on the stability of the Government seem to weigh heavy on the administration as PDP rebel Prasong Sunsiri continued yesterday to reject them and warned the Prime Minister there would be problems in the future.

Mr. Wisanu said last night he had not yet completed checking the qualifications of the cabinet nominees. He said he had received about 90 per cent of the information needed and was waiting for the rest.

The cabinet secretary-general said he had already informed Mr Chuan he thought more information was needed, but a final decision will rest with the Premier should he be satisfied with what is available. He said he received good cooperation from Mr Thaksin when he visited his company to get information and when he sent officials for additional material. But some of the information was faxed and was not verified by a signature.

Mr Wisanu said he had found no problems so far with the nomination of Mr Wichit for the transport and communications portfolio and he believed there would be no problems with the New Aspiration Party's nomination of Sukhawit Rangsitphon as deputy prime minister.

He said it was still unsure if he could complete the screening process today. He is not trying to delay the appointments but must check any objections raised.

Mr Chuan said before meeting Maj-Gen Chamlong last night he had not yet received a report from Mr Wisanu but he may receive something later in the day or this morning at the latest. He will submit the nominations to

His Majesty without delay if there are no problems, probably by the end of the week.

He said Mr Wisanu had already consulted many legal experts on the question of constitutional qualifications. This should be sufficient and there should be no need to send the matter on to the Juridical Council.

Mr Chuan said he would inform Maj-Gen Chamlong if there were any problems. He said it was up to the PDP and NAP themselves to settle any internal dissension.

The Premier said the major reshuffle might affect the feelings of some members of the Government but things should settle down once royal approval was granted. He discounted reports the reshuffle would lead to an early general election.

"The situation is not that bad. I think an understanding will be possible among members of each party," he said.

No Internal Dissent as NAP Finalizes New List

BK1810091094 Bangkok THE NATION in English 18 Oct 94 pp A1, A5

[FBIS Transcribed Text] The New Aspiration Party [NAP] has finalized its Cabinet reshuffle without internal dissent, party leader Chawalit Yongchaiyut said yesterday.

Sukhawit Rangsitphon, a non-MP and chief of the Expressway and Rapid Transit Authority of Thailand (ETA), will be given the post of deputy prime minister, he said.

Deputy House Speaker Wanmuhammatno Matha will succeed Den Tomina as deputy interior minister. Nong Khai MP Chatchai Iasakun will succeed Chaloemphon Sanitwongchai as deputy commerce minister, and Chaloemphon will in turn take up the current post of Wanmuhammatno as deputy House speaker.

NAP veteran Wira Musigaphong was not included in the list despite initial reports that he was set to take over the labour portfolio.

Interior Minister Chawalit said Sukhawit will oversee the government's traffic policy.

"Sukhawit is like Nong Pop (the nickname of Miss Thailand Ariya Sirisopha), who's beautiful as a Thai woman. Sukhawit is expected to propose a mass transit project to the Cabinet next week (after the reshuffle of the NAP ministers)," Chawalit told reporters at Government House. He said he had consulted Prime Minister Chuan Likphai before working out the reshuffle list. He quoted Chuan as saying the NAP shouldn't have reshuffled its portfolios.

Chawalit said he agreed with Chuan, but felt he had no option but to change some portfolios because he concurrently serves in two Cabinet positions—as deputy prime minister and interior minister. Chawalit has held both jobs since Amnuai Wirawan resigned as deputy NAP leader and deputy prime minister to form the Nam Thai (Thai Leadership) Party.

Deputy House Speaker Wanmuhammatno said NAP members gave full authority to the NAP leader to reshuffle the party's ministerial line-up. Members will not oppose the decision, as happened in the Phalang Tham Party.

Wanmuhammatno said the NAP, unlike some members of Phalang Tham, won't oppose non-MPs taking over Cabinet positions.

A group of dissident Phalang Tham MPs objected to PDP leader Chamlong Simuang's decision to nominate telecommunications tycoon Thaksin Chinnawat to become foreign minister, but the dispute was settled.

Wanmuhammatno said he doesn't think Thaksin is constitutionally unsuitable for the post because of his business interests.

* Official Views Child Prostitution Problems

94SE0257A Bangkok NAEO NA in Thai 11 Sep 94 pp 1, 9

[FBIS Translated Excerpt] [Passage omitted] On 10 September, the Subcommittee To Combat Prostitution in Bangkok and the National Social Welfare Promotion Committee held a seminar for radio and television reporters from throughout the nation on the "Project to Tell Young Girls." [passage omitted]

The Population and Social Research Institution, Mahidon University, has estimated that there are 200,000 prostitutes nationwide. Of these, almost 40,000 are child prostitutes below the age of 18.

Besides this, documents state that those who buy children to work as prostitutes are using on-line computers. Agents are able to send pictures of children from villages to agents in Bangkok or abroad using telecommunications equipment once a price has been agreed on with the parents. The parents of these children are paid about 2,000 baht, but the agents receive 10-15,000 baht.

After the seminar, Mr. Phan Chantharapan, the deputy under secretary of labor and social welfare, told reporters that the number of Thai women going to Japan to work is declining. That's because they know that they will lead a life of misery there. [passage omitted]

"We have people to look after those children who have been tricked into working as prostitutes abroad. The Ministry of Labor has officials stationed at large offices abroad, such as in Taiwan, Korea, and Japan. Their job is to investigate matters and provide help. The number of women going to Japan is declining, because they have heard stories from various sources. [passage omitted]

Vietnam

Further on Foreign Minister Meeting Christopher

BK1910071894 Hanoi VNA in English 0626 GMT 19 Oct 94

[FBIS Transcribed Text] Hanoi VNA Oct. 19—Foreign Minister Nguyen Manh Cam met with Mr. Warren Christopher, secretary of state of the United States in Washington on Monday [17 October].

During the meeting, Mr Cam and Mr Christopher reviewed the positive developments in the Vietnam-US relationship since their meeting in Singapore in July 1993. They exchanged views on how to further advance the process of normalizing Vietnam-US relations, including their efforts to open soon their liaison offices in Hanoi and in Washington. They expressed their satisfaction at the progress gained.

Foreign Minister Cam was in the US for the 49th General Assembly of the United Nations and a visit to the country.

On this occasion FM Cam gave an exclusive interview to VNA's New York correspondent.

On the present state of Vietnam-US relations and future prospects the Vietnamese chief diplomat said: 'There has been a number of encouraging development in the two countries' relationship recently. Following President Clinton's statement on lifting the trade embargo on Vietnam, the two sides agreed to establish liaison offices in each country's capital, and exchanged views on settling their property issues in each other's country'.

He expressed his hope that the liaison offices will be established before the end of this year, after completing a number of remaining technical matters.

On trade relations, Minister Cam said:

'A number of Vietnam goods have reached American consumers and some US technical medical equipment and medicines have entered into the Vietnamese market. However, the volume of trade is still small, and direct investment of American companies in Vietnam is very modest.'

'Through those contacts and exchanges of views, [word indistinct] notices everyone has a common wish to accelerate the development of the two countries' relations for the short-term and long-term benefit of the two peoples' Mr Cam added.

The Vietnamese foreign minister has left the US for a visit to some European countries.

Vo Van Kiet Meets With U.S. Businessman

BK1810145694 Hanoi VNA in English 1428 GMT 18 Oct 94

[FBIS Transcribed Text] Hanoi VNA Oct. 18—Prime Minister Vo Van Kiet received here this afternoon Mr. Robert Eaton, president of the Managing Council and executive director of the automobile manufacturer Chrysler of the United States, who is now on a working visit to Vietnam.

Prime Minister Vo Van Kiet applauded the Chrysler's attention to its possible cooperation with Vietnam and said he hoped that the Chrysler as well as other American economic groups would take advantage of the opportunities reserved for them by the Vietnamese side to make up for their lost time due to the US embargo.

For his part, Mr. Robert Eaton expressed his aspiration for long- term cooperation with Vietnam in car manufacture including technology transfer and compiling Vietnam's policy in this domain.

While in Vietnam, the American businessmen had discussed with the Heavy Industry Ministry principles for their future joint venture planned to build in Ho Chi Minh City.

Lao Army Delegation Visits 11-18 Oct

BK1810034994 Hanoi VNA in English 1448 GMT 17 Oct 94

[FBIS Transcribed Text] Hanoi VNA Oct. 17—A delegation of the Lao Propaganda and Education Department and the Army newspaper led by Major Gen. Khamphuance Chanthaphoune, head of the department, paid a working visit to Vietnam from October 11-18.

During its stay, the delegation had working sessions with the Ideological and Cultural Department and the Army newspaper QUAN DOI NHAN DAN of the Vietnam People's Army and the National Association of the Vietnam War Veterans.

The delegation also visited several Army cultural and economic

National Assembly Session To Be Held 20 Oct

BK1910103994 Hanoi Voice of Vietnam in English 1000 GMT 10 Oct 94

[FBIS Transcribed Text] The sixth session of the Vietnam National Assembly will be held in Hanoi on 20 October. It will review the development situation in Vietnam in 1994 and discuss tasks for socioeconomic development next year. It will also hear a government report on specialized areas, covering a summary of public opinion from grass-roots levels collected by deputies.

Nong Duc Manh Views Hanoi Election Preparations

BK1710033094 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 16 Oct 94

[FBIS Translated Text] Yesterday, Comrade Nong Duc Manh, chairman of the National Assembly, inspected preparations for people's council elections at three levels in Ba Dinh and Dong Anh districts of Hanoi. After being briefed by officials of the Hanoi City and the Ba Dinh District electoral councils, Chairman Nong Duc Manh called on cadres in charge of the elections to make adequate preparations as specified under law. He stressed the need to attach importance to propaganda activities aimed at making voters realize that people's council elections at all levels are a guarantee of their own rights.

Afterward, Chairman Nong Duc Manh was briefed by leading officials of Dong Anh District on the results of preparations for people's council elections as well as on local socioeconomic development so far. He commended local cadres and people for their efforts to effect changes in local agricultural development patterns, improve the people's living conditions step by step, and build a new countryside. He also stressed the need to create conditions for independent candidates to compete on a truly equal footing with nominated candidates.

Vu Oanh Visits Hoa Binh Province

BK1610141194 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 15 Oct 94

[FBIS Translated Text] Recently, Comrade Vu Oanh, member of the party Central Committee Political Bureau, paid a working visit to the party organization and people of Hoa Binh Province to assess the situation concerning many grassroots establishments and a number of households that made good achievements in boosting orchard- and forest-based economies.

Over the past years, the party organization and people of Hoa Binh Province have effectively restructured crop cultivation patterns by devoting efforts to quickly increase the hectarage under fruit trees and short- and long-term industrial crops, while at the same time linking this move with forest development and protection.

Nonetheless, shortcomings are still displayed in afforestation and forest protection. The results of fruit tree planting and industrial crop cultivation are still limited. Speaking to local cadres and people on this occasion, Comrade Vu Oanh commended cadres and the people for their good performance and called on everyone to continue to develop past achievements, seek better ways to restructure the economic development system, and bring into full play the role of mass societies and the people's creativeness and their potential in labor, land, capital, and production experiences, thereby creating conditions for resolving difficulties, firmly developing the local economy, and gradually improving the people's living standards.

He also reminded party organizations at all levels of the need to attach importance to the training of mass mobilization cadres so that they know how to use rich and diversified activities to carry out mass mobilization work, propagate the party lines among the people, and motivate the masses to participate in socioeconomic development and the campaign to eliminate hunger, reduce poverty, enrich oneself legitimately, and contribute to building firm and powerful party and administrative organs.

Hanoi People's Committee on Economic Successes

BK1610080094 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 15 Oct 94

[FBIS Translated Text] The Hanoi People's Committee recently held a news conference to report on the socioeconomic development of the city in 1994.

According to estimates, in comparison with 1993, Hanoi's GDP increased by over 13 percent, gross industrial output rose by over 20 percent, with agricultural output grew by three percent. Its total export value increased nearly 35 percent while imports increased by 31 percent. Its budget revenue also increased by nearly six percent.

In general, the socioeconomic programs of the capital city in 1994 have been developing satisfactorily, while its economic structures have been significantly improved. State policies and programs have also been implemented adequately, positively affecting all economic and social activities of the city.

Papua New Guinea

Prime Minister Abandons Bougainville Peace Talks

LD1610103594 Melbourne Radio Australia in English 1000 GMT 16 Oct 94

[FBIS Translated Text] Peace talks on the Papua New Guinea island of Bougainville have been officially abandoned, with the prime minister, Sir Julius Chan, hardening his stand against secessionist rebel leaders. The leaders of the Bougainville Revolutionary Army [BRA] refused to attend the peace conference set up in Arawa last week, saying they had fears for their safety. The talks, which opened last Monday, were adjourned on Friday until tomorrow, but now the PNG [Papua New Guinea] Government has abandoned them. The Australian-guided South Pacific peacekeeping force of troops from Fiji, Tonga, and Vanuatu will now put out of Arawa within three days, at least one week ahead of schedule.

Sir Julius said the BRA leaders were enemies of peace and he appealed to all Bougainvilleans to take a stand and stop supporting them. He said if the island wanted peace, then the people had to break free from those who would bind them in violence, distress and misery. While hundreds of Bougainvilleans—delegates—attended the Arawa talks, it was felt that no meaningful peace talks could be held without the BRA leaders.

Peacekeepers Prepare To Depart

BK1710114594 Melbourne Radio Australia in English 0630 GMT 17 Oct 94

[From the "International Report" program]

[FBIS Transcribed Text] The Papua New Guinea [PNG] Government has abandoned the Bougainville peace process after the leadership of the Bougainville Revolutionary Army [BRA] boycotted peace talks last week in the devastated provincial capital, Arawa. The South Pacific Peacekeeping Force, whose mission was to provide a secure venue for the talks, is already preparing to leave the island. Sean Dorney reports that the breakdown in the peace process may lead to increased violence on the secessionist island.

[Begin recording] [Dorney] The chairman of the Bougainville peace conference, Sir George Lepping from Solomon Islands, adjourned it on Friday [14 October] in the hope that some progress might be made over the weekend in convincing the rebel leader, Francis Ona, that the opportunity for negotiations protected by a neutral force was fast disappearing. The legal adviser to the BRA leadership, Theo Marion, who had a long session with the UN observer at the conference, (Hiroko Miyamura), sent messages into the mountains, but by late yesterday there had been no response. By then it was far too late anyway. The Ni- Vanuatu soldiers are already preparing to pull out and the Fijians and the Tongans will be off the main island by Wednesday [19 October].

The conference passed the resolution on Friday asking [PNG Prime Minister] Sir Julius Chan to negotiate an extension of the peacekeeping force but Sir Julius could not see the point. Sir George Lepping is concerned that will be bloodshed.

[Lepping, in progress] ...and that is my fear, because suddenly we want peace and then if peace does not come because we quickly pulled out, then it's a very dangerous game we are playing.

[Dorney] Bougainville leaders from the other parts of the province started leaving central Bougainville on Friday night going back to their areas where they will once again mobilize their young men called resistance fighters to combat the BRA. The PNG Defense Force [DF] will also start moving back into the four neutral zones. Yesterday morning, seven PNG DF soldiers from the small boat team fired upon and attempted to board a luxury sailing liner, the Club Med II, that was passing southern Bougainville and that they apparently thought was going to drop off guns to the rebels. The captain had said he thought the blockade on Bougainville had been lifted. It was; but it may be reimposed. The women of Bougainville are distressed by the fate of the peace conference. That is the question many of the women that I spoke to want [BRA leader] Francis Ona to consider. [end recording]

Police in Capital Ordered 'To Shoot To Kill'

LD1910091494 Melbourne Radio Australia in English 0700 GMT 19 Oct 94

[FBIS Transcribed Text] Police in the Papua New Guinea capital Port Moresby have been ordered to shoot to kill anyone who provokes an armed confrontation with them. The assistant police commissioner (Philip Taku) issued the shoot to kill order to curb a sudden rise in criminal activities in the city. Mr. (Taku) said criminals were using guns more than ever before, adding that last week some of his men had been shot at.

In the latest incident on Sunday night a gang of thugs fought a running battle with police in the streets of Port Moresby. One car thief was killed during the shootout, which Mr. (Taku) said was a battle for survival between the police and the criminals. Four of the gang escaped and are being hunted.

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